# The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11

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# Summary

With enactment of the sixth FY2011 Continuing Resolution through March 18, 2011, (H.J.Res. 48/P.L. 112-6) Congress has approved a total of $1.283 trillion for military operations, base security, reconstruction, foreign aid, embassy costs, and veterans' health care for the three operations initiated since the 9/11 attacks: Operation Enduring Freedom (OEF) Afghanistan and other counter terror operations; Operation Noble Eagle (ONE), providing enhanced security at military bases; and Operation Iraqi Freedom (OIF). This estimate assumes that the current CR level continues through the rest of the year and that agencies allocate reductions proportionately.

Of this $1.283 trillion total, CRS estimates that Iraq will receive about $806 billion (63%), OEF $444 billion (35%) and enhanced base security about $29 billion (2%), with about $5 billion that CRS cannot allocate (1/2%). About 94% of the funds are for DOD, 5% for foreign aid programs and diplomatic operations, and 1% for medical care for veterans.

Between FY2009 and FY2010, average monthly DOD spending for Afghanistan grew from $4.4 billion to $6.7 billion a month, a 50% increase while average troop strength almost doubled from 44,000 to 84,000 as part of the troop surge announced by the President last year. Troop strength in Afghanistan is expected to average 102,000 in FY2011. DOD's plans call for troop levels to fall by less than 4,000 in FY2012 unless the President decides otherwise as part of his decision to "begin transition to Afghan security lead in early 2011. . . [to a ] a responsible, conditions-based U.S. troop reduction in July 2011." At the same time, the President announced a long-term U.S. commitment to a NATO summit goal of "a path to complete transition by the end of 2014." It is currently unclear how quickly or slowly troop levels will fall this summer or in later years to meet these goals.

While spending on Afghanistan grew between FY2010 and FY2011, DOD's average spending in Iraq fell from $7.9 billion to $6.2 billion or by about 20% while troop strength dropped from 141,000 to 96,000, by about one-third, as the U.S. withdrawal continues. Troop strength in Iraq is projected to average 43,000 in FY2011 and to fall to 4,450 in FY2012 with all troops out of Iraq by December 2011 according to the U.S. security agreement with Iraq.

On March 18th, 2011, the sixth FY2011 Continuing Resolution was enacted (H.J.Res. 48/P.L. 111-6). In the case of DOD's war funding, the current CR, H.R. 1, and S.Amdt. 149 to H.R. 1 all set DOD's war funding at close to the FY2011 request. For State Department diplomatic operations and foreign aid, the current CR could reduce funding by about $1 billion below the FY2011 request of $7.6 billion. VA medical spending is likely to match the request.

CRS has lowered its previous estimate of war funding in FY2010 to $165 billion because DOD spent about $3 billion less than anticipated, transferring $885 million of war funds to its base budget and allowing some $2 billion in funding to lapse and be returned to the Treasury. Congress also included about $5 billion in non-war programs in funding designated as for "Other Contingency Operations."

Although DOD's FY2012 request of $118 billion fell in proportion to the 25% fall in troop levels from 212,000 in FY2011 to 158,000 in FY2012, this funding could be more than necessary in light of recent experience and potential troop decreases. If the overall war FY2012 request of $132 billion is enacted, war funding since the 9/11 attacks would reach $1.415 trillion.

According to CBO's latest projection, war costs for FY2012-FY2021 could total another $496 billion if troop levels fell from 180,000 in FY2011 to 45,000 by FY2015 and remained at that level through FY2021. Under that scenario, war costs through FY2021 would total $1.8 trillion.

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# Introduction: War Funding to Date

Since the terrorist attacks of September 11, 2001, the United States has initiated three military operations:

- Operation Enduring Freedom (OEF) covering primarily Afghanistan and other small Global War on Terror (GWOT) operations ranging from the Philippines to Djibouti that began immediately after the 9/11 attacks and continues;
- Operation Noble Eagle (ONE) providing enhanced security for U.S. military bases and other homeland security that was launched in response to the attacks and continues at a modest level; and
- Operation Iraqi Freedom (OIF) that began in the fall of 2002 with the buildup of troops for the March 2003 invasion of Iraq, continued with counter-insurgency and stability operations, and is slated to be renamed Operation New Dawn as U.S. troops focus on an advisory and assistance role.

In the tenth year of operations since the 9/11 attacks while troops are being withdrawn in Iraq and increased in Afghanistan, the cost of war continues to be a major issue including the total amount appropriated, the amount for each operation, average monthly spending rates, and the scope and duration of future costs. Information on costs is useful to Congress to assess the FY2010 Supplemental for war costs for the Department of Defense (DOD) and State/USAID, FY2011 war requests, conduct oversight of past war costs, and consider the longer-term costs implications of the buildup of troops in Afghanistan and potential problems in the withdrawal of U.S. troops from Iraq. This report analyzes war funding for the Defense Department and tracks funding for USAID and VA Medical funding.

## Total War Funding by Operation

Assuming an annual level of the current Continuing Resolution (H.J.Res. 44/P.L. 112-4) and based on DOD, State Department/USAID, and Department of Veterans Administration budget submissions, the cumulative total appropriated from the 9/11 for those war operations, diplomatic operations, and medical care for Iraq and Afghan war veterans is $1.283 trillion including:

- $806 billion for Iraq;
- $444 billion for Afghanistan;
- $29 billion for enhanced security; and
- $6 billion unallocated (see **Table 1**).[1]

Of this total, 63% is for Iraq, 35% for Afghanistan, 2% for enhanced security and 1/2% is unallocated. Almost all of the funding for Operation Enduring Freedom (OEF) is for Afghanistan. This total includes funding provided in all appropriations act including the FY2010 Supplemental (H.R. 4899/P.L. 111-212) enacted July 29, 2010, and the 6th Continuing Resolution for FY2011

[1] These totals cover funding provided for DOD, State/USAID and VA Medical through FY2011, assuming the current CR would continue throughout the year.

(H.Res. 48/P.L. 111-6) enacted March 18, 2011 assuming that level continues through the rest of the fiscal year.[2]

Some 94% of this funding goes to the Department of Defense (DOD) to cover primarily *incremental* war-related costs, that is, costs that are in addition to DOD's normal peacetime activities. These costs include:

- military personnel funds to provide special pay for deployed personnel such as hostile fire or separation pay and to cover the additional cost of activating reservists, as well pay for expanding the Army and Marine Corps to reduce stress on troops;
- Operation and Maintenance (O&M) funds to transport troops and their equipment to Iraq and Afghanistan, conduct military operations, provide in-country support at bases, and repairing war-worn equipment;
- Procurement funding to cover buying new weapons systems to replace war losses, and upgrade equipment, pay modernization costs associated with expanding and changing the structure of the size of the Army and Marine Corps,
- Research, Development, Test & Evaluation costs to develop more effective ways to combat war threats such as roadside bombs;
- Working Capital Funds to cover expanding the size of inventories of spare parts and fuel to provide wartime support; and
- Military construction primarily to construct facilities in bases in Iraq or Afghanistan or neighboring countries.

In addition, the Administration initiated several programs specifically targeted at problems that developed in the Afghan and Iraq wars:

- Coalition support to cover the logistical costs of allies, primarily Pakistan, conducting counter-terror operations in support of U.S. efforts;
- Commanders Emergency Response Program (CERP) providing funds to individual commanders for small reconstruction projects and to pay local militias in Iraq and Afghanistan to counter insurgent or Taliban groups;
- Afghan Security Forces Fund and the Iraq Security Forces Fund to pay the cost of training, equipping and expanding the size of the Afghan and Iraqi armies and police forces; and
- Joint Improvised Explosive Device (IEDs) Defeat Fund to develop, buy, and deploy new devices to improve force protection for soldiers against roadside bombs or IEDs.

[2] See CRS Report R41232, *FY2010 Supplemental for Wars, Disaster Assistance, Haiti Relief, and Other Programs*, coordinated by Amy Belasco.

## Table 1. Estimated War Funding by Operation: FY2001-FY2012 War Request

(CRS estimates in billions of dollars of budget authority)

| OPERATION AND SOURCE OF FUNDS | FY01 & FY02 | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 | FY2011 CRA P.L. 112-6[a] | FY2012 Request | Cumulative Enacted, FY01-FY11 as of 3-18-11 | Cum. Total w/ FY2011 CRA & FY2012 Request |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Iraq | 0.0 | 53.0 | 75.9 | 85.5 | 101.6 | 131.2 | 142.1 | 95.5 | 71.3 | 49.3 | 17.7 | 805.5 | 823.2 |
| Afghanistan | 20.8 | 14.7 | 14.5 | 20.0 | 19.0 | 39.2 | 43.5 | 59.5 | 93.8 | 118.6 | 113.7 | 443.0 | 557.1 |
| Enhanced Security | 13.0 | 8.0 | 3.7 | 2.1 | 0.8 | 0.5 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 28.6 | 28.7 |
| Unallocated | 0 | 5.5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5.5 | 5.5 |
| **Total** | **33.8** | **81.2** | **94.1** | **107.6** | **121.4** | **170.9** | **185.7** | **155.1** | **165.3** | **168.1** | **131.7** | **1,283.3** | **1,414.8** |
| Annual Change | NA | 140% | 16% | 13% | 13% | 41% | 9% | -16% | 7% | 2% | -22% | NA | NA |
| Change Since FY03 | NA | NA | 16% | 33% | 50% | 111% | 129% | 91% | 104% | 107% | 62% | NA | NA |

**Sources:** Public laws, congressional appropriations reports, Department of Defense data, and CRS estimates. CRS budget authority (BA) totals may differ from DOD figures because CRS includes all funding provided in supplementals, bridge funds, continuing resolutions, omnibus, consolidated, and baseline appropriations for Iraq, Afghanistan and other counter-terror operations as well as transfers from DOD's baseline funds for GWOT requirements beginning with P.L. 107-38, the first emergency supplemental after 9/11 through the FY2010 request. CRS calls Operation Noble Eagle, Enhanced Security because these funds provide higher security at DOD bases, support combat air patrol, and rebuilt the Pentagon. CRS includes additional $2 billion in BA in FY2003 included by DOD in its tally but not in DFAS obligations; source of funds unclear. CRS splits the $25 billion provided in the FY2005 Title IX bridge between the $1.8 billion obligated in FY2004 and the remainder available for FY2005; all those funds are scored as FY2004 because they were available upon enactment in August 2005. CRS estimates for DOD reflect obligations reported in DOD's Defense Finance Accounting Service (DFAS) reports, *Supplemental & Cost of War Execution Reports* and budget justification materials including DOD, *FY2007 Supp*, February 2007, Table 1a.; http://www.dod.mil/comptroller/defbudget/fy2008/fy2007_supplemental/FY2007_Emergency_Supplemental_Request_for_the_GWOT.pdf; DOD, FY2008 Supplemental Requests, February, July, and October 2007, and DOD, *Overseas Contingency Operations Request, FY2009 Supplemental: Summary Justification Material*, April 2009, p. 81 and other data; http://www.defenselink.mil/comptroller/defbudget/fy2009/Supplemental/FY2009_Supplemental_Request/pdfs/.FY_2009_Supplemental_Request_04-08-09.pdf. CRS excludes items that are clearly not war-related including for example,$5.2 billion in FY2007 and $8.0 billion in FY2008, for example, for higher fuel prices for DOD's regular program, base closure funding, and childcare centers, hospitals, medical facilities, and Army barracks renovation funds in the United States. Foreign operations figures include monies for reconstruction, development and humanitarian aid, embassy operations, counter narcotics, initial training of the Afghan and Iraqi army, foreign military sales credits, and Economic Support Funds. See also CRS Report R40699, *Afghanistan: U.S. Foreign Assistance*, by Curt Tarnoff. Updates of foreign aid from State Department, U.S. Foreign Assistance, Congressional Budget Justification: Foreign Operations, Summary Tables, Fiscal Year 2012, Feb. 2011; and FY2012 budget justification. Updates of diplomatic operations provided by State Department. Updates for VA Medical reflect CRS estimates of shares for OIF and OEF veterans based on applying troop shares to totals shown in Department of Veterans Affairs, FY2012 budget justification materials; Updated to reflect enactment of FY2011 Continuing Resolution (H.Res. 48/P.L. 112-6) and DOD, State Department and VA FY2012 budget justification materials.

**Notes:** NA = not applicable. Totals may not add due to rounding. Total includes $5.5 billion in FY2003 of DOD funds that cannot be allocated between Iraq and Afghanistan because DOD records are incomplete.

a. The sixth FY2011 Continuing Resolution was signed by the President on March 18, 2011 and extended funding for all agencies till April 8, 2011 generally at the FY2010 enacted level. In the case of DOD and the Department of Veterans' Affairs, war funding was close to the Administration's request, but for the State Department and USAID, FY2011 funding levels could be $1 billion lower than requested.

Most war funds were provided in either supplemental appropriations enacted after the fiscal year has begun and in bridge funds included in DOD's regular appropriations acts to cover war costs before supplementals are requested. In both cases, Congress generally designated DOD's war appropriations as emergency funding or designated for "overseas contingency operations," which exempts these funds from the caps and budget rules that limit overall funding for discretionary spending.

## Total War Funding By Agency

Of the $1.283 trillion enacted thus far, about $1.2 trillion, the lion's share or 94%, goes to the Department of Defense. Another $67 billion, or 5%, went to State/USAID, and $8 billion or $1% for OEF and OIF veterans using the Medical Program in the Department of Veterans Affairs (VA) (see **Table 2**). Because the current as well as other pending versions of the FY2011 Continuing Resolution (H.R. 1 and S.Amdt. 149 to H.R. 1) include similar figures for war-related funding for the Defense Department, which makes up the bulk of the funds, this CRS update uses the current Continuing Resolution to estimate war-related funding through FY2011. These figures will be revised for final congressional action on FY2011.

DOD war costs reflect *incremental* war costs, in other words, costs that are in addition to regular military salaries, training and support activities, and weapons procurement, RDT&E or military construction as described above, as well as new war-related programs such as coalition support or the Commanders Emergency Response Program designed to meet specific war needs. Allocations between Iraq and Afghanistan reflect DOD estimates, DOD war cost reporting, or CRS estimates based on other data.

State/USAID figures reflect the cost of reconstruction, foreign aid programs, and embassy operation and construction costs in Iraq and Afghanistan included in both regular, omnibus, consolidated and supplemental appropriations acts. [3] The State Department and Congress generally designate the amount of funding for each country in either budget justification materials or congressional report language.

The VA separately tracks the amount spent on OEF and OIF veterans in its medical program and CRS estimates the split based on troop levels in each country. Veterans of both the Afghan and Iraq wars also collect VA disability benefits but figures have not been published on the amounts attributable to these veterans.

Over 90% of DOD's funds were provided as emergency funds in supplemental or additional appropriations; the remainder were provided in regular defense bills or in transfers from regular appropriations. Emergency funding is exempt from ceilings applying to discretionary spending in Congress's annual budget resolutions. Some Members have argued that continuing to fund ongoing operations in supplementals reduces congressional oversight. Generally, more of foreign and diplomatic funding has been funded in regular rather than emergency appropriations.

[3] Foreign operations activities are managed by both the State Department and USAID, which handles most U.S. development assistance programs.

# Ongoing War Cost Issues

This report is designed to answer frequently asked questions and to provide information that can be used to address some of the major war cost issues that confront the 112th Congress.

In addition to total costs to date for each war and altogether, other questions include:

- How and why have war costs for each war changed over time?
- What are current and likely future war costs, based on current Administration plans, and how might those costs change under different scenarios?
- How quickly or how slowly will troop levels be reduced in Afghanistan and how will that affect immediate and longer-term costs?
- Will the United States and Iraq continue to follow the Security Agreement requiring final withdrawal of all U.S. troops from Iraq and if not, how will costs change?

This information can be used to address policy issues such as how Congress participates in setting troop levels, measuring the effectiveness of U.S. policies, delineating basing plans, and ensuring contractor oversight.

Specific cost-related policy issues include:

- What have been the cost and effectiveness of training Afghan and Iraqi security forces and the prospects that they can take over their own defense and how will that affect short and long-term costs?
- How accurate are DOD estimates of war costs during the drawdown in Iraq and buildup in Afghanistan, and what metrics can Congress use to evaluate its requests?
- What types of funding are appropriately related to the Afghan and Iraq wars, and what types of costs are more appropriately part of DOD's baseline preparing for counter-insurgency missions?
- How have war funds provided for DOD"s replacement and upgrading of war-worn equipment contributed to DOD's ongoing modernization, and affected current requests?
- How much is being spent and planned to be spent on bases in Afghanistan and how does this relate to how long the United States plans to stay?

## Additional CRS Reports

For more information about foreign assistance programs for Iraq and Afghanistan, see CRS Report RL31833, *Iraq: Reconstruction Assistance*, by Curt Tarnoff, and CRS Report R40699, *Afghanistan: U.S. Foreign Assistance*, by Curt Tarnoff. For political-military developments in both countries, see CRS Report RL31339, *Iraq: Post-Saddam Governance and Security*, by Kenneth Katzman and CRS Report RL30588, *Afghanistan: Post-Taliban Governance, Security, and U.S. Policy*, by Kenneth Katzman. For the FY2010 Supplemental, see CRS Report R41232, *FY2010 Supplemental for Wars, Disaster Assistance, Haiti Relief, and Other Programs*, coordinated by Amy Belasco.

For DOD's FY2011 request, see CRS Report R41254, *Defense: FY2011 Authorization and Appropriations*, coordinated by Pat Towell. For more on the FY2011 foreign assistance request, see CRS Report R41228, *State, Foreign Operations, and Related Programs: FY2011 Budget and Appropriations*, by Marian Leonardo Lawson, Susan B. Epstein, and Tamara J. Resler.

## Table 2. Estimated War Funding by Agency: FY2001-FY2012 War Request

(CRS estimates in billions of dollars of budget authority)

| Funding Source | FY01 & FY02 | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 | FY2011 CRA P.L. 112-6[a] | FY2012 Request | Cum. Enacted, FY2001-FY2011 | Cum. Total w/ FY2011 CRA and FY2012 Request |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| DOD | 33.0 | 77.4 | 72.4 | 102.6 | 116.8 | 164.9 | 179.2 | 148.3 | 154.3 | 159.1 | 118.1 | 1,208.1 | 1,326.1 |
| State/USAID | 0.8 | 3.7 | 21.7 | 4.8 | 4.3 | 5.0 | 5.4 | 5.3 | 9.1 | 6.5 | 10.6 | 66.7 | 77.4 |
| VA Medical | 0.0 | 0.0 | 0.0 | 0.2 | 0.4 | 1.0 | 1.0 | 1.5 | 1.9 | 2.4 | 3.0 | 8.4 | 11.4 |
| **Total** | **33.8** | **81.1** | **94.1** | **107.6** | **121.5** | **170.9** | **185.6** | **155.1** | **165.3** | **168.1** | **131.6** | **1,283.3** | **1,414.8** |

**Source:** Public laws, congressional appropriations reports, Department of Defense data, and CRS estimates; see **Table 1** for list of sources. Updated to reflect enactment of FY2011 Continuing Resolution (H.Res. 48/P.L. 112-6), 3-18-11.

**Notes:** NA = not applicable. Totals may not add due to rounding. CRS estimates based on sources listed in **Table 1**.

a. The sixth FY2011 Continuing Resolution was signed by the President on March 18, 2011 and extended funding for all agencies till April 8, 2011 generally at the FY2010 enacted level. In the case of DOD and the Department of Veterans' Affairs, war funding was close to the Administration's request, but for the State Department and USAID, FY2011 funding levels could be $1 billion lower than requested.

## FY2011 Continuing resolution and the FY2012 War Request

In February 2010, the Administration requested $35.1 billion in supplemental funds for DOD and State/USAID to pay for the unanticipated cost of the December 2009 decision by President Obama to deploy an additional 30,000 troops to Afghanistan, bringing total troop levels there to 98,000 by the fall of 2010.[4] That supplemental was enacted on July 27, 2010. The December 2009 decision to add more troops in Afghanistan was designed to reverse the deteriorating security situation and "break the Taliban's momentum" by targeting the insurgency, securing key population centers, and training more Afghan forces."[5]

Congress has enacted six FY2011 continuing resolutions since the beginning of the fiscal year last October 1, 2010. At the same time, the House and Senate have proposed alternate versions to fund the remainder of the fiscal year – H.R. 1, passed by the House but not the Senate, and S.Amdt. 149 to H.R. 1, which was recently rejected by the Senate. Negotiations continue.

Despite this uncertainty about agency spending levels for FY2011, there appears to some consensus to fund close to DOD's request for war funding, as has been the case in the current and previous CRs, which have provided for $159.1 billion, some $300 million below the request.

There is greater uncertainty about funding for State Department war-related diplomatic operations and foreign aid levels, which have been set at last year's level in the current and previous CRs. If this action is in effect for the entire year, State/USAID war-related funding levels could be $1.1 billion lower than the $7.6 billion request if the State Department chose to allocate cuts proportionately. The State Department could instead choose to protect war-funding levels and take deeper cuts in other areas. In its estimates, CRS assumes that the current FY2011 is annualized, or in effect for the entire year, and that the State Department cuts war funding requests proportionately (see **Table 2**).

The Administration submitted its FY2012 war request this February, along with the regular budget. For FY2012, the Administration has requested $131.6 billion for DOD, State/USAID and VA Medical, $36.5 billion below last year reflecting largely DOD's troop drawdown in Iraq, and a small drop in troop levels in Afghanistan. The State Department has requested higher levels in Iraq, part of its "civilian surge" intended to offset the troop withdrawals and capitalize on lower levels of violence.

Total war costs for FY2010 and FY2011 are roughly the same despite the fact that average troop strength for both wars is projected to fall from 180,000 in FY2010 to 145,000 in FY2011 in-country, a decrease of about 20%. That total reflects the planned decrease in Iraq from 96,000 in

[4] The White House, "Remarks by the President in Address to the Nation on the Way Forward in Afghanistan and Pakistan," Delivered at West Point, December 1, 2009; http://www.whitehouse.gov/the-press-office/remarks-president-address-nation-way-forward-afghanistan-and-pakistan. In the President's speech, the additional troops were to be deployed in the first half of the year, but more recently, the Defense Department has estimated that all 30,000 troops will not be deployed until September 2010.

[5] The White House, "Remarks by the President in Address to the Nation on the Way Forward in Afghanistan and Pakistan," Delivered at West Point, December 1, 2009; http://www.whitehouse.gov/the-press-office/remarks-president-address-nation-way-forward-afghanistan-and-pakistan. In the President's speech, the additional troops were to be deployed in the first half of the year, but more recently, the Defense Department has estimated that all 30,000 troops will not be deployed until September 2010.

FY2010 to 43,000 in FY2011 and the increase in Afghanistan from 84,000 in FY2010 to 102,000 in FY2011 as the additional 30,000 troops are deployed this year plus an additional 4,000 support troops in FY2011.[6]

### Potential Effect on Total War Costs

Between FY2009 and FY2011 war requests reflect the shift in costs to Afghanistan as troop levels grow there and fall in Iraq. In FY2011, Afghan war costs accounted for 71% of war costs and Iraq 29%, a reversal of the split of two years earlier when Afghanistan's share was one-third and Iraq's share was two-thirds. In the FY2012 request, the $114 billion cost for Afghanistan is a 91% increase over FY2009, and a 161% higher than FY2008. In FY2012, the cost for Iraq drops to $18 billion, a decrease of $78 billion from FY2009 (see **Table 1**).

Assuming a continuation of the funding level in the current FY2011 Continuing Resolution (H.Res. 44/P.L. 112-4), cumulative appropriations for the Afghan and Iraq wars would reach $1.283 trillion dollars, including $806 billion for Iraq, $444 billion for Afghanistan, $29 billion for enhanced security and $6 billion unallocated. Of that total, $1.208 trillion goes to DOD, $66.7 billion to State/USAID, and $8.4 billion to VA.

If Congress also approves the FY2012 war funding request of $132 billion, cumulative war funding would then reach $1.415 trillion total including:

- $823 billion for Iraq (63%);
- $557 billion for Afghanistan (35%);
- $29 billion for enhanced security (2%); and
- $6 billion unallocated DOD costs (1/2%) (see **Table 1**)

## Potential Issues This Year

Members may raise several issues in DOD's FY2010 Supplemental and the FY2011 war requests including:

- the achievability of current plans to accelerate the training and expansion of Afghan security forces and increase spending steeply to $9.2 billion in FY2010 (a 63% increase), $11.6 billion in FY2011, and $12.8 billion in light of shortages of trainers and other problems such as extensive corruption (see **Table 6**);[7]
- whether DOD's estimates of operating costs in Afghanistan are too high in light of recent experience;[8]

[6] See Figure 6-2 in DOD, *FY2011 Budget Request: Overview*, Feb. 1, 2010; http://comptroller.defense.gov/defbudget/fy2011/FY2011_Budget_Request_Overview_Book.pdf.

[7] For additional discussion, see CRS Report R41232, *FY2010 Supplemental for Wars, Disaster Assistance, Haiti Relief, and Other Programs*, coordinated by Amy Belasco.

[8] Ibid.

- whether FY2011 funding assuming 102,000 troops in Afghanistan for the year is appropriate in light of the President's commitment to begin the withdrawal of U.S. troops in June 2011;
- whether setting a timeline in Afghanistan is appropriate; and
- whether more of DOD's war costs should be considered longer-term costs that would more appropriately be part of DOD's base budget funding, an issue raised by Secretary Gates.

These issues are also discussed in CRS Report *FY2010 Supplemental for Wars, Disaster Assistance, Haiti Relief, and Court Cases*, coordinated by Amy Belasco; http://www.crs.gov/ReportPDF/R41232.pdf.

## Changing Troop Levels

One of the key factors in driving costs in the Afghan and Iraq wars are changes in troop levels. Until 2009, troop levels in Iraq were the driving factor, peaking in November 2007 during the troop surge launched by President Bush while troop levels in Afghanistan remained relatively stable (see **Figure 1** and **Appendix A**).[9]

During 2009, troop levels declined gradually in Iraq while troop levels rose steadily in Afghanistan, growing from about 33,000 in January 2009 to about 45,000 in June 2009 (see **Figure 1** and **Appendix A**). These initial increases in Afghanistan reflected a decision made by President Bush before leaving office to increase the number of troops in Afghanistan by about 14,000 in response to concerns about the deteriorating security situation raised by the U.S. Commander in theater.[10]

In March 2009, shortly after President Obama took office, the Administration conducted a strategy review of both the Afghan and the Iraq wars. After that review, the President decided to shift forces in Iraq from a combat to an advisory and assistance mission, reduce troop levels from 140,000 in February 2009 to 50,000 by September 2010, and withdraw with all troops out by December 31, 2011 to comply with the U.S-Iraq Security Agreement reached at the end of the Bush Administration.[11]

At that time, the President approved an increase of about 22,000 troops for the Afghan war, in addition to the Bush increases already underway, bringing the total to 68,000 by November 2009. [12]

[9] For other ways to analyze troop levels, see CRS Report R40682, *Troop Levels in the Afghan and Iraq Wars, FY2001-FY2012: Cost and Other Potential Issues*, by Amy Belasco.

[10] See discussion in war funding section of CRS Report R40567, *Defense: FY2010 Authorization and Appropriations*, coordinated by Pat Towell; DOD, "Boots on the Ground Report," May 1, 2009 show a total of 45,000. See CRS Report R40682, *Troop Levels in the Afghan and Iraq Wars, FY2001-FY2012: Cost and Other Potential Issues*, by Amy Belasco and Senate Armed Services Committee, Transcript, "Hearing on Nominations of Admiral Mullen for Reappointment to the Grade of Admiral and Reappointment as chairman of the Joint Chiefs of Staff,j" September 15, 2009, p. 6. See also the White House, "Remarks by the President in Address to the Nation on the Way Forward in Afghanistan and Pakistan," Delivered at West Point, December 1, 2009; http://www.whitehouse.gov/the-press-office/remarks-president-address-nation-way-forward-afghanistan-and-pakistan.

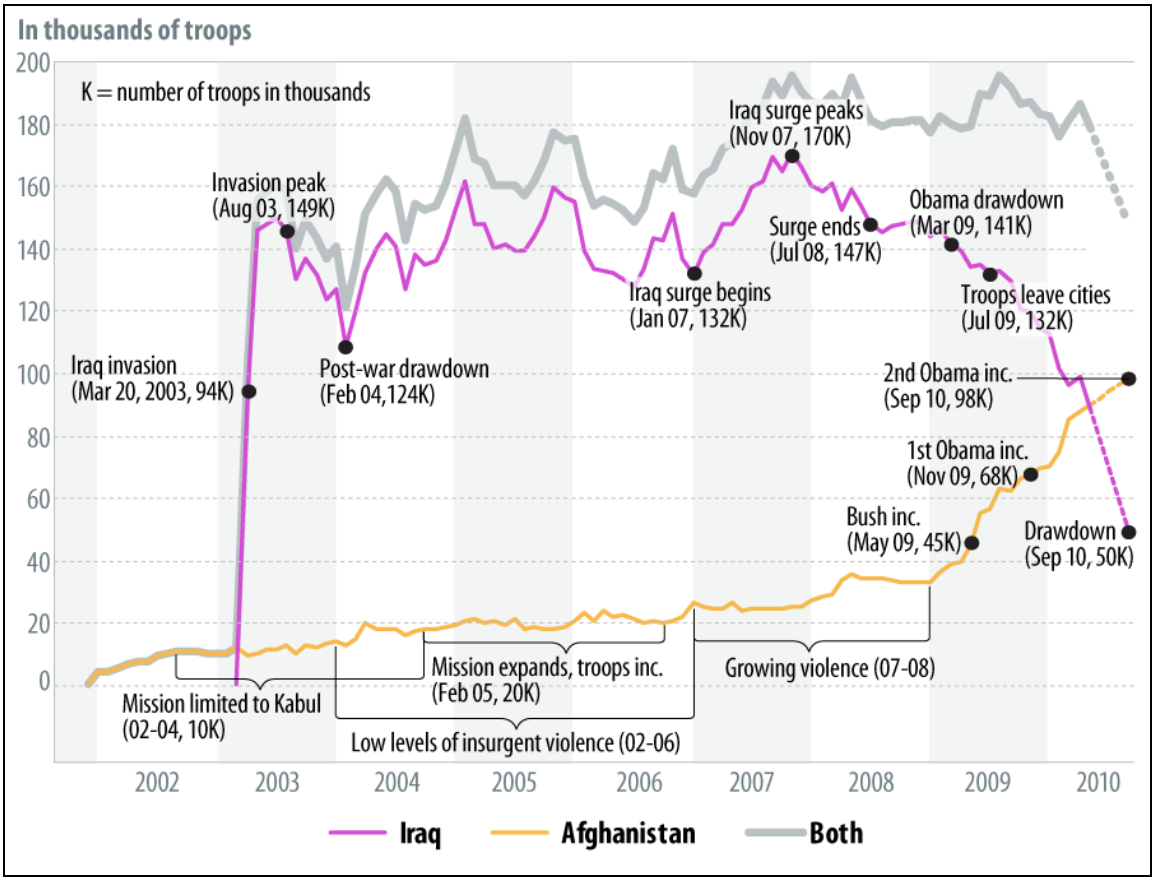
[11] See discussion in war funding section of CRS Report R40567, *Defense: FY2010 Authorization and Appropriations*, coordinated by Pat Towell.

[12] *Washington Post*, "Iraq exit will be on time, Biden says; U.S. expects to leave despite violence and political disarray," May 27, 2010.

In response to the Administration's request, Congress approved $128.8 billion in war funding for Iraq and Afghanistan in the FY2010 DOD Appropriations Act (P.L. 111-118, enacted December 19, 2009).

In December 2009, after a second review in response to further pressures from military commanders for additional troops continuing to cite worsening security, President Obama approved an additional increase of 30,000 troops bringing the total number of U.S. total to 98,000 by this fall.[13] The FY2011 budget adds another 4,000 support troops in Afghanistan. [14] Thus, President Obama has approved the deployment of from 56,000 to 60,000 additional troops for Afghanistan by FY2011 (see **Figure 1** and **Appendix A**).

**Figure 1. Boots on the Ground in Afghanistan and Iraq, 2001-2010**




**Source:** DOD, *Boots on the Ground Reports to Congress*; CRS Report RL30588, *Afghanistan: Post-Taliban Governance, Security, and U.S. Policy*, by Kenneth Katzman; CRS Report RL31339, *Iraq: Post-Saddam Governance and Security*, by Kenneth Katzman; CRS Report RL34387, *Operation Iraqi Freedom: Strategies, Approaches, Results, and*

[13] DOD, "Press Conference with Secretary of Defense Gates," December 14, 2009; http://www.defenselink.mil/transcripts/transcript.aspx?transcriptid=4333. The 21,000 increase was funded in the FY2009 Supplemental and the FY2010 DOD Appropriations Act (Title IX, P.L. 111-118, enacted December 16, 2009).

[14] Then-President Bush increased troops in Afghanistan by about 15,000. For FY2011 increase, see Figure 6-2, DOD, *FY2011 Budget Request: Overview*, February 1, 2010; http://comptroller.defense.gov/defbudget/fy2011/FY2011_Budget_Request_Overview_Book.pdf.

*Issues for Congress*, by Catherine Dale; CRS Report R40156, *War in Afghanistan: Strategy, Operations, and Issues for Congress*, by Catherine Dale.

**Notes:** Actuals through May 2010; CRS estimates for June-September 2010. Figure design by Amber Wilhelm, CRS Graphics.

These new requests reversed the 8% decline in war costs in FY2009 when total troop levels fell from the earlier peak due to the Iraq surge. In FY2010, additional troops in Afghanistan offset ongoing withdrawals form Iraq, with average troop strength remaining at about 180,000 in both FY2009 and FY2010. Only in FY2011 does average strength fall by 20% to 145,000 as the withdrawal in Iraq accelerates and troop strength in Afghanistan levels off (see **Figure 1** and **Appendix A**).

As of June, 2010, the number of troops in Afghanistan exceeded the number in Iraq for the first time, 94,000 compared to 92,000. By September 2010, President Obama's plans call for the number of troops in Afghanistan to reach 98,000 while troop levels fall to 45,000 in Iraq, a level recently reached.[15] DOD's estimate for average strength in Afghanistan in FY2011 is 102,000, including slightly more than the 10% increase to the 30,000 troop level that Secretary Gates was allowed accommodate additional support troops.[16]

For Afghanistan, President Obama is committed to evaluate current U.S. strategy in Afghanistan in December 2010 to "allow us to begin the transfer of our forces out of Afghanistan in July of 2011," about three-quarters of the way through FY2011[17] The extent and pace of decreases in U.S. troop levels in Afghanistan is not yet defined.

## NATO and Afghan Troops

In addition to U.S. troops, NATO nations contributed about 41,000 troops as of June 2010, bringing the total foreign troops in Afghanistan to about 139,000.[18] While U.S. troop levels will more than treble between September 2008 and 2010, NATO troop levels have grown by about one-third – from about 30,000 to 41,000 in July 2010.[19] The United States has called on NATO partners to increase their contributions to troop levels, particularly for trainers of Afghan forces, but with limited success. By October 2010, plans call for Afghan security forces to reach 243,000, bringing the total number of foreign and Afghan forces to 382,000.[20]

[15] Some press accounts suggest the number could reach 105,000; see *New York Times*, "Setbacks Cloud U.S. Plans To Get Out Of Afghanistan;" June 15, 2010; *New York Times*, "Afghanistan Strategy Shifts To Focus On Civilian Effort," June 9, 2010.

[16] See Figure 6-2, DOD, *FY2011 Budget Request: Overview*, Feb. 1, 2010; http://comptroller.defense.gov/defbudget/fy2011/FY2011_Budget_Request_Overview_Book.pdf.

[17] The White House, "Remarks by the President in Address to the Nation on the Way Forward in Afghanistan and Pakistan," Delivered at West Point, December 1, 2009; http://www.whitehouse.gov/the-press-office/remarks-president-address-nation-way-forward-afghanistan-and-pakistan.

[18] CRS calculations based on DoD, "Boots on the Ground" reports and International Security Assistance Force, "Facts and Figures," June 10, 2010 and September 1, 2008; http://www.nato/int/isaf/docu/epub/pdf/placement.pdf.

[19] CRS calculations based on International Security Assistance Force, "Facts and Figures," July 6, 2010 and September 1, 2008; http://www.nato.int/isaf/docu/epub/pdf/placemat.pdf.

[20] Figure 6-3, DOD, *FY2011 Budget Request: Overview*, February 1, 2010; http://comptroller.defense.gov/defbudget/fy2011/FY2011_Budget_Request_Overview_Book.pdf.

## Estimating the Cost of the Iraq and Afghan Wars

Since the 9/11 attacks and particularly since the beginning of the Iraq war, Congress has been interested in the allocation of supplemental emergency funds between Afghanistan and Iraq. Congress does not, however, appropriate funds to DOD by individual operation. Rather, appropriations are provided to cover particular types of expenses, e.g., special combat pay for military personnel, the cost of supporting deployed troops in Operation and Maintenance (O&M), as well as war-related investment costs in Procurement, Research, Development, Test & Evaluation (RDT&E), and Military Construction.

CRS has split DOD funds based on DOD's Cost of War reports which capture obligations for each operation, by DOD estimates in budget requests, and other factors. After funds are appropriated, CRS re-estimates the allocation of DOD funds, excluding items in supplementals that are not war-related (e.g. barracks renovations, childcare centers, see **Appendix C** for methodology.)

CRS uses report language and budget justification materials to allocate State Department and USAID funding for Iraq and Afghanistan for individual foreign aid programs and diplomatic operations. For VA Medical costs, CRS allocates VA estimates for medical care for veterans of both wars, based on data on troops deployed.

**Table 3** shows funding by operation and agency. This funding has been provided in regular appropriation acts for individual agencies, consolidated or omnibus appropriations act, and supplemental appropriation acts. For a breakdown by public law and by agency, see **Appendix B**.

# Trends in Overall War Funding

From the time of the 9/11 attacks until FY2008, total war costs for all three operations – Iraq, Afghanistan, and other GWOT and enhanced security – rose steeply primarily because of the war in Iraq. Annual war appropriations more than doubled from about $34 billion in FY2001/FY2002 to $81 billion for the preparation and invasion of Iraq in FY2003. By FY2007, annual appropriations for both wars doubled again to $170 billion, and peaked in FY2008 at $186 billion (see **Table 3**).

In FY2009, overall war funding fell to $155 billion, reflecting the decline in troop levels in Iraq after the troop surge, and the beginning of troop withdrawals. Since FY2009, war costs are again growing, driven primarily by the commitment of the Obama Administration to higher troop levels as well as higher foreign aid commitments for the Afghan war, which have offset decreases in the costs of Iraq as U.S. troop levels there decline.

In FY2010, for example, annual funding increases by 7% to $165 billion. The FY2011 level would maintain funding at $168 billion despite the overall 20% decrease in troop levels as the U.S. withdrawal from Iraq accelerates with all slated to be out of Iraq by December 31, 2011, the end of the first quarter of FY2012. In recent years, the cost of enhanced security in the United States particularly the initial responses to the 9/11 attacks, has had little effect on war costs.

Except for a one-time appropriation of $20 billion for Iraq reconstruction in FY2004, foreign aid an diplomatic operations funding has hovered between $4 billion and $5 billion until FY2010. For FY2010 and FY2011, funding is much higher – $9.1 billion in FY2010, dropping to $6.5

billion in FY2011 if the CR level continues and State allocates cuts proportionately, and slated to increase to $10.6 billion in FY2012, reflecting the Administration's new emphasis on civilian aid programs.

DOD funding has grown far more rapidly than would be expected based on changes in troop levels or intensity of operations. Instead, much of the increase reflects other factors discussed below – higher than anticipated support costs, an expanded definition of war-related procurement, and the growth of programs to meet specific needs, such as training Afghan and Iraqi security forces.

Although DOD has provided the standard budget justification materials for its war requests since FY2007, funding in the requests are not split by operation making it difficult to see what DOD assumes about how changes in force levels for each war affect costs, a factor of ever more importance as troop levels grow in Afghanistan and fall in Iraq. In fact, DOD's requests in FY2010 and FY2011 include only one table showing the overall split in funding between the two wars.[21] After the fact, war obligations are reported separately for Iraq and Afghanistan, which can be used to estimate how funding could change with troop strength. DOD justification materials do not provide explanations of why war funding changes in each war.

## Trends in Iraq War Funding

Total war funding for Iraq rose sharply after initial war preparations in the fall of 2002 to $53 billion in the invasion year of 2003, almost trebling to $131 billion in FY2007, and peaking at $142 billion during the surge in FY2008.[22]

With the adoption of a withdrawal plan by President Obama in February 2009, total war costs for Iraq have begun to decline, dropping to $96 billion in FY2009 to $66 billion in FY2010 and $51 billion in FY2011 when troop levels drop to 43,000. In FY2012, costs are likely to be substantially less was the U.S. withdrawal is completed (see **Table 3**).

Except for some $2 billion to $3 billion for State/USAID programs (with the exception of the $20 billion in reconstruction provided in FY2004), DOD costs account for most of war funding. With the Administration's plan for foreign aid programs to pick up as U.S. troops withdraw, those State/USAID funding is slated to grow to $3.7 billion in FY2010 and $3.9 billion in FY2011 (**Table 3**).

Much of the large increases between FY2006 and FY2008 was due to higher procurement funding, that, in turn, reflects primarily an expansive definition adopted by the Bush Administration of the amounts needed to reset or reconstitute units returning from deployments, that included not only repairing and replacing war damaged equipment but also upgrading equipment to meet future needs for the "long war on terror" (see below and **Appendix D**).[23]

[21] See Table 8-4 in DOD, *FY2011 Budget Request: Overview*, Feb. 1, 2010; http://comptroller.defense.gov/defbudget/fy2011/FY2011_Budget_Request_Overview_Book.pdf.

[22] Initial funding was presumably drawn from DOD's regular appropriations since supplemental funds were not available.

[23] See CRS, Testimony of Amy Belasco to House Budget Committee, "the Growing Cost of the Iraq War," October 24, 2007.

In addition, DOD requested and Congress provided substantial funding for force protection gear and equipment and converting units to modular configurations as well as funding to train and equip Iraqi security forces, areas influenced by DOD policy decisions rather than troop levels.

## Table 3. Estimated War Funding By Operation, Agency and Fiscal Year: FY2001-FY2012 Request

(CRS estimates in billions of dollars of budget authority)

| Operation and Funding Source | FY01 & FY02 | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 | FY2011 CRA P.L. 112-6 | FY2012 Request | Cum. Enacted FY2001-FY2011 | Cum. Total w/ FY2011 CRA & FY2012 Request |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **IRAQ** | | | | | | | | | | | | | |
| DOD | 0 | 50.0 | 56.4 | 83.4 | 98.1 | 127.2 | 138.5 | 92.0 | 66.5 | 45.7 | 10.6 | 757.8 | 768.8 |
| State/USAID | 0 | 3.0 | 19.5 | 2.0 | 3.2 | 3.2 | 2.7 | 2.2 | 3.3 | 2.3 | 6.2 | 41.4 | 47.6 |
| VA Medical | 0 | 0 | 0 | 0.2 | 0.4 | 0.9 | 0.9 | 1.2 | 1.5 | 1.3 | 0.9 | 6.3 | 7.2 |
| **Total: Iraq** | **0** | **53.0** | **75.9** | **85.6** | **101.7** | **131.3** | **142.1** | **95.5** | **71.3** | **49.3** | **17.7** | **805.5** | **823.2** |
| **AFGHANISTAN** | | | | | | | | | | | | | |
| DOD | 20.0 | 14.0 | 12.4 | 17.2 | 17.9 | 37.2 | 40.6 | 56.1 | 87.7 | 113.3 | 107.3 | 416.2 | 523.5 |
| State/USAID | 0.8 | 0.7 | 2.2 | 2.8 | 1.1 | 1.9 | 2.7 | 3.1 | 5.7 | 4.1 | 4.3 | 25.1 | 29.4 |
| VA Medical | 0 | 0 | 0 | 0 | 0 | 0.1 | 0.1 | 0.2 | 0.5 | 1.1 | 2.1 | 2.1 | 4.2 |
| **Total: Afghanistan** | **20.8** | **14.7** | **14.6** | **20.0** | **19.0** | **39.2** | **43.4** | **59.5** | **93.8** | **118.6** | **113.7** | **443.5** | **557.1** |
| **ENHANCED SECURITY** | | | | | | | | | | | | | |
| DOD | 13.0 | 8.0 | 3.7 | 2.1 | .8 | 0.5 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 28.6 | 28.7 |
| **Total: Enhanced Security** | **13.0** | **8.0** | **3.7** | **2.1** | **.8** | **0.5** | **0.1** | **0.1** | **0.1** | **0.1** | **0.1** | **28.6** | **28.7** |
| **UNALLOCATED** | | | | | | | | | | | | | |
| **Unallocated DOD** | **0** | **5.5** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **5.5** | **5.5** |
| **ALL MISSIONS** | | | | | | | | | | | | | |
| DOD | 33.0 | 77.4 | 72.4 | 102.6 | 116.8 | 164.9 | 179.2 | 148.3 | 154.3 | 159.1 | 118.0 | 1,208.1 | 1,326.3 |
| State/USAID | 0.8 | 3.7 | 21.7 | 4.8 | 4.3 | 5.0 | 5.4 | 5.4 | 9.1 | 6.5 | 10.6 | 66.7 | 77.4 |
| VA Medical | 0 | 0 | 0 | 0.2 | 0.4 | 1.0 | 1.0 | 1.5 | 1.9 | 2.4 | 3.0 | 8.4 | 11.4 |
| **Total: All Missions** | **33.8** | **81.1** | **94.1** | **107.6** | **121.5** | **170.9** | **185.6** | **155.1** | **165.3** | **168.1** | **131.6** | **1,283.3** | **1,414.8** |

**Sources:** Public laws, congressional appropriations reports, Department of Defense data, and CRS estimates; see **Table 1** or list of sources. Updated to reflect passage of FY2010 Supplemental, H.R. 4899/P.L. 111-212. 7-27-10, and Sixth Continuing Resolution (H.J.Res. 48/P.L. 111-6).

**Notes:** NA = not applicable. Totals may not add due to rounding. CRS estimates based on sources listed in **Table 1**. Updated to reflect enactment of the FY2011 Continuing Resolution (H.Res. 44/P.L. 112-4) on March 2, 2011.

### *Trends in Afghan War Funding*

The cost of the Afghan war has risen dramatically since FY2006, as troop levels and the intensity of conflict has grown, increasing from $19 billion in FY2006 to $60 billion in FY2009. Assuming Administration requests are approved, total war funding will rise to $105 billion in FY2010 and $119 billion in FY2011 (see **Table 3**).

After hovering around $15 billion in FY2003 and FY2004, total war costs for Afghanistan grew to about $20 billion in FY2005 and FY2006, with troop levels hovering around 20,000 Funding then doubled to $39 billion in FY2007, and $44 billion in FY2008, as troop levels increased to over 30,000 and the intensity of conflict grew (see **Table 3** and **Figure 1**).

Since then, costs have increased sharply to $60 billion in FY2009, and $105 billion in FY2010 assuming the pending supplemental is approved, and $119 billion in the FY2011 request. Until FY2010, State/USAID costs accounted for about $2 billion to $3 billion of that total, but doubled to $5.2 billion in FY2010 and $4.6 billion in FY2011 assuming the requests are approved. VA Medical costs have also been small but are now expected to double in FY2010 and double again in FY2011 to $1.2 billion (see **Table 3**).

Cost increases reflect not only higher troop levels and more intense operations but also substantial increases in amounts to train of Afghan forces, additional procurement costs, and in FY2010 and FY2011 higher foreign aid levels. Costs per troop in Afghanistan are also considerably higher than in Iraq, which DOD attributes to more expensive transportation costs for equipment and supplies, more difficult terrain, and establishing new facilities.

Future costs in Afghanistan remain uncertain as it is not clear at what pace U.S. troops may withdraw starting in June 2011 or how long U.S. involvement will persist. Some observers see a long lasting U.S. commitment in Afghanistan, while others expect a more limited role. (See below for CBO estimates based on alternate troop scenarios.)

## Past Trends and Future Costs in Enhanced Security

Funding for enhanced base security and other responses to the initial attacks – referred to by DOD as Operation Noble Eagle – fell from the $12 billion available in the first year after the 9/11attacks to $8 billion in 2003. These decreases reflect the end of one-time costs like Pentagon reconstruction ($1.3 billion), the completion of security upgrades, the scaling back of combat air patrol (about $1.3 billion for around-the-clock coverage), and a cut in the number of reservists guarding bases.[24] In FY2004, the cost of enhanced security more than halved again, dropping to $3.7 billion.

Beginning in FY2005, DOD funded this operation in its baseline budget rather than in supplementals and costs fell to under $1 billion in FY2006, $500 million in FY2007, and about $100 million per year after FY2008 (see **Table 3**).

[24] DOD's new estimate for ONE is $8 billion rather than the $6.5 billion shown in an earlier DOD briefing. For more information, see CRS Report RL31187, *Combating Terrorism: 2001 Congressional Debate on Emergency Supplemental Allocations*, and CRS Report RL31829, *Supplemental Appropriations FY2003: Iraq Conflict, Afghanistan, Global War on Terrorism, and Homeland Security*, both by Amy Belasco and Larry Nowels.

## Administration and CBO Projections of Future Costs

In its FY2012 budget, the Administration includes a $50 billion "placeholder" figure for war costs from FY2013-FY2021.[25] Like the previous Administration, the Obama Administration argues that the uncertainties are too great to include formal estimates for later years.

DOD's FY2012 war request assumes average troop strength of 98,250 in FY2012 in Afghanistan, a small decrease from FY2011, and 4,450 troops in Iraq as the withdrawal is completed. Based on its 2009 spring strategy review, the Administration's plans call for the withdrawal of all U.S. troops from Iraq by December 2011, and DOD's war funding declines in FY2012 for Iraq to $10.6 billion assuming the withdrawal proceeds as planned.

Presumably, if a decision were made to withdraw troops below the level assumed in the FY2012 budget, the Administration would submit a budget amendment proposing decreases with the amount depending on the pace of any withdrawal plan adopted. Similarly, if a decision were made to slow the pace of withdrawal from Iraq, a budget amendment adding funds would be submitted this year.

For FY2012, the Administration's budget request reflect the withdrawal of the 43,000 troops from Iraq by December 2011. Any change to that plan would require re-negotiating the security agreement signed with Iraq. Any plans to reduce the number of troops in Afghanistan from the 98,250 planned for FY2012 would probably require a budget amendment.

### CBO Projections Based on One Alternative Scenarios

Based on one illustrative scenario (rather than the two estimated in previously years), CBO updated its previous projections for the cost of all three operations for the next ten years from 2012 – 2021 in February 2011.

Over the next ten years, CBO projects that war costs for DOD, State, and VA could require an additional $496 billion assuming troop levels fall to 45,000 in 2015 and remain at that level. This estimate is between its previous estimate for a faster drawdown by 2013 and a slower drawdown by 2015.[26]

If this CBO projections are added to funding already appropriated, the total cost of Iraq, Afghanistan, and enhanced security or other contingency operations could reach $1.8 trillion by FY2021.

Although CBO's projections do not split funding for Iraq and Afghanistan, if all U.S. troops are withdrawn from Iraq by December 2011, then presumably, most war funding in FY2012 and thereafter would be for Afghanistan, or other contingency operations.

[25] See Table S-10 in OMB, *FY2011 Budget, Summary Tables;* http://www.whitehouse.gov/omb/budget/fy2011/assets/tables.pdf.

[26] CRS calculation subtracting CBO's FY2011 from figures shown in footnotes a and c in Table 1-5, and text on p. 14 in CBO, *The Budget and Economic Outlook: Fiscal Years 2010:2020*, January 2010; http://www.cbo.gov/ftpdocs/108xx/doc10871/01-26-Outlook.pdf.

In this CBO projection where troop levels fall to a steady state of 45,000 troops by FY2015 from about 180,000, annual levels would be

- $83 billion for 100,000 troops in FY2013;
- $54 billion for 65,000 troops in FY2014;
- $37 billion a year for 45,000 in FY2015; and
- $33 billion a year from FY2015 on.[27]

CBO's projections have generally been considerably below DOD's estimates for similar troop strength.[28] The differences may stem partly from CBO's inability to capture programmatic decisions like increasing funding to train and expand the size of the Afghan security forces, and partly from CBO's practice of extrapolating from current costs rather than DOD's practice of estimating each year separately. There is some evidence in recently reported obligations that DOD's war requests may be overstated.[29]

These CBO projections assume that troops withdrawn return to the United States. Yet another option would be for some number of troops to remain deployed in neighboring countries like Kuwait.

CBO considers these to be rough projections rather than formal estimates in part because future costs are difficult to estimate given the limited DOD information on the factors driving costs incurred to date as well as the lack of a history of war outlays or actual expenditures because war and baseline funds are mixed in the same accounts. In CBO's projections, costs initially fall somewhat more slowly than troops levels, and eventually catch up and become proportional. CBO does not identify separate per troop costs for Iraq and Afghanistan.

# FY2011 Request May be High in Light of Per Troop Costs

While many observers use per troop costs to predict future costs – the Administration cited $1 million per troop per year in Afghanistan to justify its $30 billion supplemental request for FY2010 – different types of war costs change for different reasons. While operational costs – incremental military personnel costs and operating and maintenance costs – would be expected to change with the number of troops deployed, other programs such as the training of Afghan Security Forces change because of policy decisions. Procurement costs have also changed because of policy decisions about what was considered as a war-related expense (see discussion of Investment costs below).

[27] CBO table provided. See Table 1-7 and footnotes in CBO, *Budget and Economic Outlook, Fiscal Years 2011-2021*; http://www.cbo.gov/ftpdocs/120xx/doc12039/01-26_FY2011Outlook.pdf.
[28] Average strength would be 145,000 troops for DOD and 150,000 for CBO.

[29] DOD, *FY2011 Budget Request: Overview*, Feb. 1, 2010; http://comptroller.defense.gov/defbudget/fy2011/FY2011_Budget_Request_Overview_Book.pdf. See discussion in CRS Report R41232, *FY2010 Supplemental for Wars, Disaster Assistance, Haiti Relief, and Other Programs*, coordinated by Amy Belasco.

## CBO and DOD Estimating Methods

In its estimates, CBO relies on previous trends in operational costs in recent years to project the effect of deploying additional troops in Afghanistan and withdrawing troops from Iraq, and then estimates other types of expenses, e.g. force protection, separately.[30] For each request, DOD uses a model to estimate the costs of deploying specific types of units in each service coupled with its deployment schedule plans.

It does not appear that DOD uses per previous annual per troop costs as a general check of the validity of its model. Typically, CBO's estimates, using per troop costs for operational costs, have been considerably lower than DOD estimates. For example, CBO estimated that the operational costs of deploying the additional 30,000 troops to Afghanistan ordered by President Obama would cost $7 billion whereas DOD requested $19 billion.[31]

## FY2011 Request Compared to Historical Averages

There is some evidence that DOD's recent estimates of operational costs are larger than would be expected based on previous experience and recently-reported obligations. As **Table 4** shows, average operational costs for both wars hovered around $500,000 per troop per year between FY2006 and FY2009, with costs higher in Afghanistan than in Iraq in some years but lower in other years including the FY2011 request. For example, between FY2005 and FY2009, average annual operational costs per troop were $525,000 for Afghanistan and $462,000 for Iraq, or 12% higher in Afghanistan.

These differences reflect higher military personnel costs in Afghanistan because DOD relied more heavily on activated reservists in Afghanistan, whose full-time salaries count as incremental war costs. O&M costs per troop were higher in Afghanistan in FY2008 and FY2005, which DOD has argued that supplying and support troops in Afghanistan is more costly because of logistical difficulties. That trend is not consistent, however, because in other years, however (FY2006, FY2007, and FY2009), historical obligations show per troop costs to be lower in Afghanistan. Compared to Iraq, DOD is projecting considerably higher costs for Afghanistan in FY2010 but lower costs in FY2011 (see **Table 4**).

DOD's requests for FY2010 and FY2011 generally include sharply higher annual per troop costs for Afghanistan, with operational costs projected to jump from $507,000 in FY2009 to $667,000 in FY2010 and $694,000 in Afghanistan. Military personnel costs drop with lower reliance on reservists as more active-duty troops are available with the drawdown in Iraq. Some would argue that O&M these increases reflect the effect of deploying additional troops, mounting more operations and expanding infrastructure.

[30] CBO, "Letter to Congressman John Spratt on Analysis of Scenarios for Funding Iraq and Afghanistan," January 21, 2010; http://www.cbo.gov/ftpdocs/109xx/doc10995/01-20-CostOfChangesinTroops.pdf; Congressional Budget Office, Letter to Congressman John F. Tierney, *Withdrawal of U.S. Forces from Iraq: Possible Timelines and Estimated Costs*, October 7, 2009; http://www.cbo.gov/ftpdocs/105xx/doc10523/10-07-TierneyTroopWithdrawal.pdf.

[31] For CBO's estimate, see Table 1 in [31] CBO, "Letter to Congressman John Spratt on Analysis of Scenarios for Funding Iraq and Afghanistan," January 21, 2010; Table 8-5 in DOD, *FY2011 Budget Request: Overview*, Feb. 1, 2010; http://comptroller.defense.gov/defbudget/fy2011/FY2011_Budget_Request_Overview_Book.pdf; these estimates exclude depot maintenance costs for reset.

Although troop increases began in FY2009 under former President Bush and continued under President Obama, the cost increases are reflected first in FY2010 (see **Table 4**). At the same time, O&M costs in Afghanistan would be expected to fall or level off once initial infrastructure is completed, and as more troops occupy bases, as appears to have happened in Iraq between FY2007 and FY2009. That does not appear to be DOD's assumption for Afghanistan in its FY2011 request where O&M costs continue to rise.

For Iraq, per troop operational costs are also projected to rise from $433,000 in FY2009 to $469,000 per troop in FY2010 and $802,000 in FY2011, which some observers would suggest reflect that troops may be withdrawn faster than infrastructure is dismantled., this sharp an increase in costs in FY2011 compared to either the previous five-year average or FY2010 may be an overly conservative assumption.

**Table 4. Army, Navy, US Marine Corps, and Air Force Annual Operational Costs Per Troop in Afghanistan and Iraq FY2005-FY2011 Request**

in thousands of dollars per troop per year

| Operation | FY05 | FY06 | FY07 | FY08 | FY09 | FY2010 Amended Request in BA, 2-1-10 | FY2011 Request, 2-1-10 | FY05-FY09 Average |
|---|---|---|---|---|---|---|---|---|
| **AFGHANISTAN** | | | | | | | | |
| Average Strength[a] | 18,129 | 20,424 | 23,154 | 30,103 | 42,117 | 84,000 | 102,000 | 26,785 |
| Military Personnel | 189 | 115 | 149 | 166 | 172 | 97 | 92 | 158 |
| Operation and Maintenance | 293 | 328 | 417 | 462 | 335 | 569 | 603 | 367 |
| **Afghanistan Operational Costs[b]** | **483** | **442** | **566** | **628** | **507** | **667** | **694** | **525** |
| **IRAQ[a]** | | | | | | | | |
| Average Strength[a] | 142,574 | 117,640 | 145,066 | 156,534 | 141,155 | 100,000 | 43,000 | 140,594 |
| Military Personnel | 81 | 121 | 93 | 87 | 78 | 87 | 135 | 92 |
| Operation and Maintenance | 272 | 389 | 417 | 418 | 354 | 382 | 668 | 370 |
| **Iraq Operational Costs[b]** | **352** | **509** | **510** | **505** | **433** | **469** | **802** | **462** |
| **COMPARING AFGHANISTAN AND IRAQ OPERATIONAL COSTS** | | | | | | | | |
| Afghanistan less. Iraq Operational Costs | 130 | -67 | 56 | 123 | 74 | 198 | -108 | 63 |
| % Difference | 27% | -15% | 10% | 20% | 15% | 30% | -16% | 12% |
| **AVERAGE OPERATIONAL COSTS FOR BOTH WAR WARS** | | | | | | | | |
| Average Strength for Both Wars[a] | 160,703 | 138,064 | 168,219 | 186,636 | 183,272 | 184,000 | 145,000 | 167,379 |
| **Average Operational Cost for Both Wars[b]** | **367** | **499** | **518** | **525** | **450** | **559** | **726** | **472** |

**Sources:** DOD's monthly Boots on the Ground reports for troop levels and DOD's September 30, Cost of War Reports for each fiscal year.

**Notes:** CRS calculations based on sources above. May not add to totals due to rounding.

a. Reflects average for each fiscal year of monthly troop levels reported by DOD.

b. Operational costs include appropriations for military personnel and Operation and Maintenance excluding training of Afghan and Iraq security forces.

Another sign that DOD's FY2011 request may be high is that obligations reported by DOD three-quarters through FY2010, have not substantiated the increases projected for FY2010. For example, DOD's obligations for military personnel and Operation and Maintenance for FY2010 totaled $70.3 billion as of June 30, 2010, the most recent Cost of War report available. To use all of the funds appropriated for war, DOD would need to spend the $35 billion in military personnel and O&M funds, half as much as already spent for the first three-quarters of the fiscal year in the next three months. At the end of the year, monies not spent would lapse and revert to the Treasury.

Through June, 2010, monthly obligations for military personnel and O&M averaged $7.8 billion gradually rising each month since last October with deployments of additional troops to Afghanistan while declines in Iraq were quite gradual. For the month of June, 2010, these obligations are running $8.8 billion, somewhat higher than the average for the fiscal year thus far, reflecting that 94,000 of the 98,00 troops to be deployed in Afghanistan have arrived. At the same, time, as of June, 2010, troop levels in Iraq there were still 92,000 troops but by August 2010, troop levels had fallen to the goal of 50,000.[32]

To spend its current appropriations, DOD's monthly obligations would need to rise by about 50% from the June level of $8.8 billion to about $13.0 billon for the last three months of the fiscal year. Although monthly operational costs in Afghanistan did increase from $2.8 billion in December 2009 to $4.2 billion in June 2010, most of the additional troops were already deployed. Although some additional growth could be expected with higher operational tempo, and expansion in accommodations and services, this would be expected to be offset partially by decreases in Iraq as troop levels drop rapidly from about 92,000 in June to under 50,000 by the end of this August.[33] Earlier in the year, costs in Iraq rose from $3.8 billion in December 2009 to $4.2 billion in June 2010 despite troop level declines.

Typically, DOD's operational war costs rise towards the end of the fiscal year, partly because some support contracts are renewed late in the year, partly because the enactment of supplementals reduces funding uncertainty, and partly because of the pressure to spend one-year monies before they expire. At the same time, when DOD spends heavily at the end of a fiscal year, less is needed in the early months of the new fiscal year.

In the case of FY2011, and if costs in Iraq begin to fall in consonance with troop levels, that could mean that DOD has requested more funding for its operational costs than may be needed. If DOD's future spending were to follow either average per troop costs for the past three or the past five years between FY2005-FY2009, Congress could reduce DOD's war request for $116 billion for military personnel and O&M in FY2011 by substantial amounts. Even if Congress assumed the relatively high annual per troop levels projected for FY2010, reductions in operational costs could be made.

[32] Wall Street Journal, "Obama Marks End of Iraq War to Focus on Economy," September 1, 2010.

[33] DOD, Cost of War Reports, December 2009 and June 2010.

# Trends in DOD's Average Monthly Spending

DOD's average monthly obligations are frequently used as a way to measure the rate of ongoing war spending. Obligations reflect the amount of budget authority (BA) for military and civilian pay and for contracts signed by the government or orders placed within DOD for parts, repairs, and purchase of weapons systems and supplies.

Although obligations go up and down from month-to-month, average obligations for a fiscal year are a good indicator of ongoing *operational costs* (Military Personnel and Operation an d Maintenance) because these funds must be obligated – put on contract – within the first year. For *investment costs*, however, average monthly obligations lag appropriated budget authority since only some funds are obligated in the first year because of the time for the planning and negotiation of contracts.[34]

Obligations figures do not reflect outlays – or payments made when goods and services are delivered – which would be a better measure of spending rates and actual costs. Starting in FY2009, DOD now tracks outlays, reversing its previous stance that these could not be captured because war-related appropriations are co-mingled with regular or baseline funds. Outlays are useful in giving a better sense of actual spending rates.

DOD's average monthly obligations for both wars grew from $6.2 billion in FY2004 – after initial combat operations in Iraq – to a peak of $14.2 billion in FY2008, during the surge in Iraq, more than doubling in four years. Since FY2003, obligations for enhanced security (Operation Noble Eagle) have fallen substantially from $520 million per month to about $20 million in FY2010 as one-time costs ended and costs have been incorporated in day-to-day base operations

As of the end of June 2010, DOD reported that the cumulative total of war-related obligations were $885.4 billion including:

- $641.5 billion for Iraq (72% of total);
- $217.1 billion for Afghanistan, almost all of Operation Enduring Freedom (25%); and
- $26.9 billion for enhanced security (Operation Noble Eagle) (3%) (see **Table 5**).[35]

[34] Military personnel and O&M monies are available for obligations for one year, RDT&E monies for two years and procurement and war-related military construction monies for three years rather than the five years for peacetime military construction (see military construction accounts in P.L. 111-117).

[35] DOD, "Cost of War Slides As of April 30, 2010," June 2010.

**Table 5. DOD's Obligations by Operation: FY2001- FY2010 to Date**

(in billions of dollars)

| Type of Spending | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | Average thru June FY10 | DOD Reported Cumulative Obligations FY01- June 30, 2010[a] |
|---|---|---|---|---|---|---|---|---|---|
| **IRAQ** | | | | | | | | | |
| Operations[b] | 4.2 | 4.3 | 4.7 | 5.9 | 7.1 | 7.6 | 6.1 | 4.3 | NA |
| Investment[c] | 0.2 | 0.6 | 1.6 | 1.3 | 3.2 | 3.5 | 1.8 | 1.1 | NA |
| **Total** | **4.4** | **4.8** | **6.2** | **7.2** | **10.2** | **11.1** | **7.9** | **5.4** | **641.5** |
| **AFGHANISTAN[d]** | | | | | | | | | |
| Operations[b] | 1.1 | 0.9 | 0.9 | 1.2 | 2.0 | 2.8 | 3.7 | 4.6 | NA |
| Investment[c] | 0.2 | 0.1 | 0.1 | 0.2 | 0.1 | 0.3 | 0.7 | 1.1 | NA |
| **Total** | **1.3** | **1.0** | **1.0** | **1.4** | **2.0** | **3.1** | **4.4** | **5.7** | **217.1** |
| **ENHANCED SECURITY[e]** | | | | | | | | | |
| Operations[b] | 0.5 | 0.3 | 0.2 | 0.1 | 0 | 0 | 0 | 0 | NA |
| Investment[c] | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | NA |
| **Total** | **0.5** | **0.3** | **0.2** | **0.1** | **0** | **0** | **0** | **0** | **26.9** |
| **ALL MISSIONS** | | | | | | | | | |
| Operations[b] | 5.8 | 5.5 | 5.8 | 7.2 | 9.1 | 10.4 | 9.8 | 8.9 | NA |
| Investment[c] | 0.4 | 0.7 | 1.7 | 1.5 | 3.2 | 3.8 | 2.5 | 2.2 | NA |
| **Total** | **6.2** | **6.2** | **7.4** | **8.7** | **12.3** | **14.2** | **12.3** | **11.2** | **885.4** |

**Sources:** DOD, "Cost of War Reports," September 30 of each fiscal year, FY2003-FY2009 and April 2010 and CRS adjustments based on other DOD and congressional sources.

**Notes:** NA = Not available. Numbers may not add to totals due to rounding. DOD reported obligations do not include adjustments to monthly averaged calculated by CRS which include national intelligence, modularity expenses, and some congressional additions that DOD does not consider war-related and excludes from its reporting (see **Appendix C**).

a. DOD reporting does not include $47 billion in national intelligence and some congressional additions that DOD does not consider to be war-related.

b. Includes funds appropriated for military personnel, operation and maintenance, working capital, defense health, Afghanistan Security Forces Fund, Iraq Security Forces Fund, and Pakistan Counterinsurgency Fund.

c. Includes funds appropriated for procurement, RDT&E, and military construction.

d. Operation Enduring Freedom funds Afghanistan and other global war on terror (GWOT) activities.

e. Enhanced security includes additional security at defense bases, combat air patrol

DOD-reported obligations do not include some expenses that CRS considers to be war-related such as $52 billion for war-related national intelligence, $10 billion for conversion to modular

units by the Army justified as a war expense, and other congressional changes (see **Appendix C**).[36]

To capture longer-term trends, average obligations for an entire fiscal year may be more useful than individual months, which may go up and down depending on when contracts tend to be let, as well as changes in troop levels. For example, war obligations to date in FY2010 (covering from October 2009 through June 2010) average $11.1 billion a month, or about 10% below the $12.3 billion monthly average in FY2009, reflecting, in part, the fact that obligations generally tend to be lower in the first half of the fiscal year.

At the same time, DOD's average obligations for the first nine months of the fiscal year are about the same for Iraq and Afghanistan as troops gradually leave Iraq and others deploy to Afghanistan—$5.4 billion for Iraq and $5.7 billion for Afghanistan (**Table 5**).

Looking at changes in obligations over the past year from June 2009 to June 2010 also shows the effect of changing troop levels. For Iraq, June monthly obligations fell by 25% from $7.2.billion to $5.4 billion as troop levels dropped by 32%. In Afghanistan, June monthly obligations rose by 63% from $3.5 billion to $5.7 billion while troop levels grew by 70%.[37]

## Iraq Costs Change with Procurement and Troops Levels

In Iraq, average monthly obligations rose from $4.4 billion in FY2003 to $7.2 billion in FY2006 while average troop strength grew from 68,000 to 141,000. Then in FY2007, these obligations grew sharply to $10.2 billion in FY2007 while troop strength rose modestly to 148,000. Iraq obligations peaked at $11.1 billion in FY2008 reflecting the Iraq surge.

Much of this increase in Iraq obligations reflects a five-fold increase in investment obligations from $560 million in FY2004 to $3.2 billion in FY20007, as the services began to spend substantial amounts on reset – the procurement of new weapons systems and equipment not simply to replace war losses (a small share of the total) but more often to upgrade and replace "stressed" equipment, and enhanced force protection.

Some observers have questioned whether all of DOD's war-related procurement reflects the stresses of war. For example, a CBO study found that more than 40% of the Army's spending for reset—the repair and replacement of war-worn equipment—was not for replacing lost equipment or repairing equipment sent home. Instead, Army funds were spent to upgrade systems to increase capability, to buy equipment to eliminate longstanding shortfalls in inventory, to convert new units to a modular configuration, and to replace equipment stored overseas for contingencies.[38]

[36] For expenses excluded in war cost obligations reports, see DOD, "Cost of War Slides As of April 30, 2010," June 2010. Examples where CRS counts items as war costs and DOD does not include congressional adds for C-17 aircraft, force-protection and other items.

[37] CRS calculations based on DOD, Cost of War Reports, June 2010 and June 2009 and DOD's Monthly Boots on the Ground Reports for June 2009 and reported figures of June 2010.

[38] CBO, *Replacing and Repairing Equipment Used In Iraq and Afghanistan: The Army's Reset Program* by Frances M. Lussier, September 2007, p. ix, pp. 35-37; available at http://www.cbo.gov/showdoc.cfm?index=8629&sequcence=0& from=7.

Since FY2008, obligations have fallen to $7.9 billion for Iraq in FY2009 with average strength of 136,000.[39] Both obligations and strength are continuing to fall in FY2010 to $5.4 billion with average strength of 109,000 for the first seven months of FY2010 (see **Figure 1** and **Table 5**).[40]

This year's obligations reflects the decline in troop levels from 120,300 in October 2009 at the beginning of FY2010 to 94,250 as of May 1, 2010 and about 92,000 in June 2010 (see **Appendix A**).[41] For example, DOD's obligations for Afghanistan were $5.5 billion in the month of June 2010 compared to an average of $7.9 billion for all of FY2009 (**Table 5**).[42] Obligations for Iraq are likely to continue to decline as troop levels fall to 50,000 by September 2010.

In addition, the new Administration changed the criteria for war-related procurement in February 2009, restoring the earlier definition which limited procurement to war losses for items not already scheduled for replacement, limited upgrades to those directly supporting war operations, and required that procurements be obligated within 12 months (see **Appendix D**).[43]

Since that time, monthly investment obligations for Iraq have fallen from a peak of $3.5 billion in FY2009 to $1.1 billion in June, three-quarters of the way through FY2010, presumably reflecting both the new stricter criteria and the decrease in troop levels and pace of combat operations as U.S. soldiers transition to advisory roles. It is not clear, however, that DOD's requests are consistent with the requirement that procurement monies are to be obligated within 12 months since about 50% or $9.5 billion of $19.2 billion already appropriated for procurement in FY2010 was not obligated as of April 30, 2010 almost 12 months after funding was provided.[44]

## Afghanistan Costs Rise with Troop Levels and Training Efforts

Average monthly obligations for Afghanistan hovered around $1 billion from FY2003 through FY2005 with average troop strength growing from10,400 to 19,100. Obligations doubled from $1.5 billion in FY2006 to $3.1 billion in FY2008 as average troop strength grew from about 20,000 to 30,000. Between FY2008 and FY2009, average monthly obligations increased threefold from $1.3 billion to $4.4 billion while average strength more than doubled from about 20,000 in FY2008 to 51,000 in FY2009.[45]

This change reflects the growth in troop levels in Afghanistan from 65,800 in October 2009 to 89,700 by May 1, 2010 (see **Appendix A**). Costs reflect these changes with Afghanistan obligations in June 2010 at $7.2 billion compared to an average of $4.4 billion for all of FY2009. By September 2010, troop strength in Afghanistan is expected to reach 98,000 and monthly

[39] See Table 1 in CRS Report R40682, *Troop Levels in the Afghan and Iraq Wars, FY2001-FY2012: Cost and Other Potential Issues*, by Amy Belasco.

[40] *Ibid*. CRS calculation of average for FY2010 based on DOD's monthly Boots on the Ground reports.

[41] Department of Defense, "Boots on the Ground" reports, October 1, 2009 and May 1, 2010.

[42] See Table 1 in CRS Report R40682, *Troop Levels in the Afghan and Iraq Wars, FY2001-FY2012: Cost and Other Potential Issues*, by Amy Belasco.

[43] OMB, " Criteria for War/Overseas Contingency Operations Funding Requests," February 26, 2009.

[44] CRS calculation based on DOD, "Cost of War Report," April 30, 2010; Congress provided procurement monies for FY2009 in both 2008 and 2009 in the FY2008 Supplemental (P.L. 110-252) enacted June 30, 2008, and in the FY2009 Supplemental (P.L. 111-32) enacted June 24, 2009.

[45] See Table 1 in CRS Report R40682, *Troop Levels in the Afghan and Iraq Wars, FY2001-FY2012: Cost and Other Potential Issues*, by Amy Belasco.

obligations are likely to rise further. Spending rates in Afghanistan are also growing as operations intensify, and more is spent to upgrade Afghan Security forces.[46]

## Funds to Train and Equip Afghan and Iraqi Security Forces

As of passage of the FY2010 bridge war act in September 2009 (P.L. 111-118), appropriated funding to train and equip these forces totals $49.1 billion including $25.9 billion for Afghanistan and $23.2 billion for Iraq (see **Table 6**). An additional $17.6 billion – primarily for Afghanistan – is requested in the FY2010 Supplemental (H.R. 4899) and the FY2011 request.

U.S. commanders have argued for some time that the pace of withdrawal of U.S. forces from Iraq and the length of the U.S. commitment in Afghanistan depend on both conditions on the ground – the number and types of attacks by various insurgent groups – and the size, readiness and capabilities of Afghan and Iraqi security Forces.

With the ongoing withdrawal of U.S. forces and declines in violence in Iraq, congressional concerns now focus on the problems and likely duration of training of the Afghan security forces. Some believe that it will be several years before the Afghan security forces can effectively take responsibility for their own security. Neither DOD nor the Administration have identified timelines for this transition.

### Trends in Funding of Afghan Security Forces

Despite a wide range of congressional concerns about these training programs, particularly in Afghanistan, including problems with the performance of contractors, coordination between DOD, State Department and NATO coalition efforts, shortages in trainers, problems with corruption, absenteeism, and illiteracy, and most recently, a report by the Special Inspector General for Afghanistan Reconstruction questioning the reliability of DOD measures of Afghan force readiness, Congress has generally provided DOD with full funding, presumably because of the high stakes involved.[47] Congress did, however, Congress cut the ASFF request from $3.7 billion to $2.0 billion in the FY2009 bridge.

Since FY2005, annual funding to train Afghan forces has grown rapidly from $1.3 billion to $7.4 billion in FY2007, then fallen to $2.8 billion in FY2008. In 2008, DOD announced plans to double the size of the Afghan security forces in the next four years at a cost of about $20 billion. Funding to train Afghan security forces doubled over the previous year to $5.6 billion in FY2009 reflecting both these plans and the new focus on Afghanistan in the Obama administration. With

[46] See CRS Report R40682, *Troop Levels in the Afghan and Iraq Wars, FY2001-FY2012: Cost and Other Potential Issues*, by Amy Belasco and Senate Armed Services Committee, Transcript, "Hearing on Nominations of Admiral Mullen for Reappointment to the Grade of Admiral and Reappointment as chairman of the Joint Chiefs of Staff" September 15, 2009, p. 6. See also the White House, "Remarks by the President in Address to the Nation on the Way Forward in Afghanistan and Pakistan," Delivered at West Point, December 1, 2009; http://www.whitehouse.gov/the-press-office/remarks-president-address-nation-way-forward-afghanistan-and-pakistan.

[47] CRS Report R41232, *FY2010 Supplemental for Wars, Disaster Assistance, Haiti Relief, and Other Programs*, coordinated by Amy Belasco and Special Inspector General for Afghanistan Reconstruction, "Actions Needed to Improve the Reliability of Afghan Security Force Assessments," June 29, 2010; http://www.sigar.mil/pdf/audits/SIGAR%20Audit-10-11.pdf.

approval of the FY2010 Supplemental, funding in FY2010 rises steeply to $9.2 billion. An additional $11.6 billion is requested for FY2011 (see **Table 6**).[48]

**Table 6. Afghan and Iraq Security Forces Funding: FY2004-FY2011 Request**

(in billions of dollars)

| Account | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 | FY2011 Request | Total Enacted to Date |
|---|---|---|---|---|---|---|---|---|---|
| Afghan Security Forces Fund[b] | [.3][a] | 1.3 | 1.9 | 7.4 | 2.8 | 5.6 | 9.2 | 11.6 | 28.5 |
| Iraq Security Forces Fund[b] | [5.0][a] | 5.7 | 3.0 | 5.5 | 3.0 | 1.0 | 1.0 | 2.0 | 24.2 |
| Total | [5.3] | 7.0 | 4.9 | 12.9 | 5.8 | 6.6 | 6.6 | 13.6 | 52.7 |

**Sources:** Congressional appropriation reports and laws for each fiscal year. Updated to reflect enactment of FY2010 Supplemental (H.R. 4899/P.L.111-212) on July 29, 2010.

a. Includes all appropriations through FY2008 Supplemental/FY2009 bridge (H.R. 2642/P.L. 110-252), including funds provided to the President in FY2004 shown in square brackets.

b. Figures in [ ] brackets are funds to train Afghan and Iraqi security forces that were appropriated to the President and transferred to the Coalition Provisional Authority, and implemented by the Army. Iraq total includes enacted funds from all U.S. sources. Afghanistan total does not include about $1 billion to $2 billion that Afghan security forces received in FY2004 and FY2005 through State Department or foreign military sales financing according to GAO-05-575, *Afghanistan Security: Efforts to Establish Army and Police Have Made Progress, but Future Plans Need to Be Better Defined*, June 2005, p. 9. Figures reflect CRS calculations from public laws and conference reports.

In its FY2011 budget request, DOD announced a further expansion of the Afghan National Security forces from 190,820 in November 2009 to 305,600 by October 2011.[49] Despite efforts by Secretary Gates to get additional support in training personnel from NATO partners over the past several years, success has been limited and there continue to be shortages in trainers.[50]

## Trends in Funding of Iraq Security Forces

Funding to train Iraqi forces fluctuated between $3.0 billion and $5.5 billion from FY2004 to FY2008. In 2008, Congress became reluctant to rebuild Iraqi security forces as Iraqi government revenues rose rapidly with the swell in oil prices.

In response to congressional concerns raised in a September 2008 House Budget Committee hearing on a GAO report suggesting that there would be an Iraqi budget surplus of from $67

[48] Total includes $5 billion appropriated to the State Department for Iraq training in FY2004. Afghanistan has also received funding for its training from State Department accounts.

[49] See Figure 6-3 in *DOD, FY2011 Budget Request: Overview*, Feb. 1, 2010; http://comptroller.defense.gov/defbudget/fy2011/FY2011_Budget_Request_Overview_Book.pdf.

[50] "U.S. Urges Allis to Fund Afghan Army Growth," September 19, 2008.

billion to $79 billion in 2008 due to oil prices, members called for "burdensharing" by Iraq in the rebuilding of its security forces.

This push to require Iraq to share the burden of rebuilding its security forces a;sp resulted in restrictions prohibiting U.S. funding of security forces as well as other "infrastructure" projects in Iraq, including those to rebuild security forces in the FY2008 Supplemental (P.L. 110-252), as well as various requirements to report the readiness and transfer of responsibility to Iraqi units, and the overall cost to train both Iraqi and Afghan security forces.[51] DOD has not provided estimates of these total costs for either Iraq or Afghanistan.[52]

In FY2008, U.S. funding dropped from $3 billion in FY2008 to $1 billion in FY2009 as Congress halved the ISFF request. In its initial FY2010 request, DOD did not ask for any funds but then modified that to request $1 billion in the FY2010 supplemental for expenses that DOD believed were necessary but the Iraqi government would not cover, an amount Congress approved (see **Table 6**).[53]

# Explaining Changes in DOD's War Costs over Time

Changes in war costs would be expected to vary with troop levels, war-related benefits, the intensity of operations, and levels of basing support services. The extent of competition in contracts and the price of oil would also be expected to affect the prices of goods and services purchased by DOD.

A list of the primary war cost drivers would be expected to include:

- the number of troops deployed or anticipated to deploy, including the number of activated reservists;
- changes in the pace of operations (optempo);
- changes in the amount of equipment and number of personnel to be transported to the theater of operations;
- whether support is designed to be temporary or longer-term;
- force protection needs;
- how quickly equipment breaks down and how quickly it is to be replaced or upgraded; and
- military basing plans that underlie construction requests.

Troop levels would be expected to be the basic factor that drives the cost of carrying out military activities including the number and intensity of operations conducted, providing support to troops

[51] See Explanatory Statement for H.R. 2642 in Congressional Record, May 19, 2008, p. S4337; and Sec. 1508 in S. 3001, the FY2009 National Defense Authorization Act. Sec. 9205, *P.L. 110-252.*

[52] See Section 1321, P.L. 110-181 Report, "United States Plan for Sustaining the Afghanistan National Security Forces," April 2010.

[53] GAO-08-1144T,Statement of Joseph A. Christoff before the House Budget Committee, "Stabilizing and Rebuilding Iraq: Iraqi Revenues, Expenditures, and Surplus," p. 3, September 16, 2008.

ranging from meals and housing to force protection items like uparmored trucks and body armor, and ultimately to the amount of repair and replacement needed for war-worn equipment. Troop levels, however, have risen far less than costs.

## Military Personnel Cost Is Not main Factor in Increases

Changes in the number of military personnel participating in the two wars has not been the primary factor in the growth in war costs. In fact, little of the overall $107 billion or 150% increase in DOD costs between FY2004 and FY2008, the peak funding year during the Iraq surge, is attributable to changes in the average strength of military personnel either deployed or mobilized for the Afghan and Iraq wars. (In addition to those deployed, some 50,000 to 80,000 reservists were mobilized and stationed in the United States to "backfill" the positions of active-duty personnel who were deployed.)[54]

Between FY2004 and FY2008, the cost of military personnel changed little, changing by less than $1 billion (see **Table 7**). During the same period, average military strength for the two wars grew by 8% including all those either deployed or mobilized and stationed in the United States; military personnel costs crew by about 2% or $300 million, explaining little of the overall increase of $107 billion between those two years (see **Table 7**).[55]

Military personnel costs include not only the number of personnel receiving special war-related pay and benefits (e.g., hostile fire or imminent danger pay, separation pay, survivors benefits), but also the additional cost of activating reservists. In addition, DOD requested and received funding to cover the cost of "over strength" or additional active-duty personnel who have been recruited and retained to meet wartime needs above DOD's pre-war strengths—482,000 for the Army and 172,000 for the Marine Corps, originally intended as a temporary increase but than made permanent by the Defense Department.

The fact that the cost of military personnel grew less than the increase in strength may reflect that DOD reduced its reliance on reservists, who cost more than active-duty personnel during wartime because of the additional cost of paying full-time rather than part-time salaries. In FY2008, reservists accounted for about a third (32%) of war-related average strength compared to close to half (48%) in FY2004.[56]

## Operation and Maintenance Costs Grow Faster Than Troop Levels

Operation & Maintenance (O&M) funding nearly doubled between FY2004 and FY2008, from $42.0 billion to $79.1 billion, an increase of $37.1 billion (see **Table 7**). War-related O&M costs would be expected to reflect not only the number of military personnel deployed to Iraq and Afghanistan but also the intensity of operations, the costs of transporting military equipment to

[54] CRS calculation from Defense Manpower Data Center (DMDC), DRS 21198, "Average Number of Members By Month, 0109-1004," April 30, 2010, which shows the average number of reservists activated but not deployed, i.e. serving in the United States as 80,271 in FY2004 and 47,442 in FY2004.

[55] These percentages reflect growth from average strength of 309, 997 in FY2004 to 335,456 in FY2008, figures higher than "Boots on the Ground" because personnel in surrounding areas supporting those operations (e.g., Kuwait) are included as well as those in Afghanistan and Iraq. CRS calculations from Defense Manpower Data Center (DMDC), DRS 21198, "Average Number of Members By Month, 0109-1004," April 30, 2010.

[56] CRS calculation based on DRS Report R21198 cited above, April 30, 2010.

theater, and the types of base support provided. The number of deployed personnel (excluding reservists stationed in the United States) increased by 25% between FY2004 and FY2008.[57] O&M costs grew over three-times as much as the number of deployed personnel.

If O&M costs had grown proportionately with changes in the number of deployed troops, the amount in FY2008 would have been $52.5 billion rather than $79.1 billion, suggesting that about $26.6 billion of the increase reflected other factors.

**Table 7. DOD's War Budget Authority by Title: FY2004-FY2011 Request**

(in billions of dollars)

| | Enacted | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Title** | **FY04** | **FY05** | **FY06** | **FY07** | **FY08** | **FY09** | **FY2010** | **FY2011 Request** |
| Military Personnel | 17.8 | 19.7 | 16.7 | 18.8 | 18.1 | 18.7 | 16.8 | 15.3 |
| Operation & Maintenance | 42.0 | 47.9 | 60.0 | 75.0 | 79.1 | 82.2 | 99.2 | 101.6 |
| Defense Health | 0.7 | 1.0 | 1.2 | 3.0 | 1.6 | 1.8 | 1.3 | 1.4 |
| Other Defense Programs[a] | 0.1 | 0.2 | 0.2 | 0.4 | 0.3 | 0.3 | 0.4 | 0.5 |
| Procurement[b] | 7.2 | 18.0 | 22.9 | 45.4 | 61.5 | 32.0 | 28.0 | 21.4 |
| Research, Dev., Testing & Evaluation | 0.4 | 0.6 | 0.8 | 1.5 | 1.5 | 1.3 | 0.5 | 0.6 |
| Working Capital Fund[c] | 1.6 | 3.0 | 3.0 | 1.1 | 1.6 | 0.9 | 0.4 | 0.5 |
| Military Construction | 0.5 | 1.2 | 0.2 | 1.7 | 1.6 | 0.9 | 2.0 | 1.3 |
| **Subtotal: Regular Titles** | **70.3** | **91.7** | **105.1** | **146.9** | **165.4** | **138.0** | **148.7** | **142.5** |
| **Special Funds and Caps** | | | | | | | | |
| Iraq Freedom Fund[d] | 2.0 | 3.8 | 3.3 | 0.4 | 3.8 | 0 | 0 | 0 |
| Afghan Security Forces Training Fund[e] | 0 | 1.3 | 1.9 | 7.4 | 2.8 | 5.6 | 9.2 | 11.6 |
| Iraq Security Forces Training Fund[e] | [5.0] | 5.7 | 3.0 | 5.5 | 3.0 | 1.0 | 1.0 | 2.0 |
| Joint Improvised Explosive Device (IED) Defeat Fund[f] | 0.0 | 0.0 | 3.3 | 4.4 | 4.3 | 3.1 | 1.8 | 3.3 |

[57] CRS calculation from Defense Manpower Data Center (DMDC), DRS 21198, "Average Number of Members By Month, 0109-1004," April 30, 2010, which shows the average strength of deployed personnel growing from 229,726 in FY2004 to 288,013 in FY2008, including all personnel deployed for OEF and OIF rather than only those in Afghanistan or Iraq.

| | Enacted | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Title** | **FY04** | **FY05** | **FY06** | **FY07** | **FY08** | **FY09** | **FY2010** | **FY2011 Request** |
| Strategic Reserve Readiness Fund[f] | 0.0 | 0.0 | 0.0 | 1.6 | 0 | 0 | 0 | 0 |
| Coalition Support Cap[g] | [1.2] | [1.2] | [1.3] | [1.4] | [1.1] | [1.5] | [1.6] | [2.0] |
| Cmdrs' Emerg. Response Cap (CERP)[g] | [.2] | [.8] | [.9] | [1.0] | [1.2] | [1.5] | [1.2] | [1.3] |
| Pakistan Counterinsurgency Fund | 0 | 0 | 0 | 0 | .4 | 0 | 0 | 0 |
| Special Transfer Authority Cap[h] | [3.0] | [3.0] | [4.5] | [3.5] | [6.5] | [4.0] | [4.0] | [3.5] |
| **Subtotal: Special Funds** | **2.0** | **10.7** | **11.5** | **19.3** | **13.8** | **10.1** | **11.9** | **16.9** |
| **Dept. of Defense Total** | **72.3** | **102.4** | **116.7** | **166.2** | **179.2** | **148.2** | **160.7** | **159.3** |

**Sources:** CRS calculations based on congressional appropriation reports for each bill with DOD funding (see **Appendix B**). Updated for FY2010 Supplemental, H.R. 4899/P.L. 111-212, enacted July 29, 2010.

**Notes:** Numbers may not add tot total due to rounding. This table separates funds with special purposes such as the Afghan Security Forces Fund from the regular titles to better identify trends. Includes transfers to war funding from baseline accounts to meet unanticipated needs.

a. "Other Defense Programs" includes counter-drug and Office of Inspector General funds.

b. Procurement includes funding provided in the Mine Resistant Ambush Protected (MRAP) vehicles.

c. Working capital funds finance additional inventory for support items such as spare parts.

d. IFF includes funds for national intelligence programs, as well as funds transferred for war operations captured in the accounts where they were spent..

e. Training Iraqi security forces was initially funded in the State Department [ shown in brackets ] but is now funded in DOD. The Afghan Army also received some State Department funds.

f. The Joint IED Defeat Fund finances responses to IED attacks through transfers to procurement, RDT&E, and operation and maintenance programs; the FY2006 total includes $1.4 billion transferred from the Iraqi Freedom Fund.

g. Congress sets caps within O&M accounts for coalition support –reimbursements to allies conducting operations or logistical support for OIF and OEF, and lift, support, training and equipping of allies conducting other counter-terror operations, and for CERP, a program which permits military commanders to fund small-scale reconstruction projects in Iraq and Afghanistan.

h. Congress sets the amount of transfer authority in each bill. The table includes amounts provided for both bridge and supplemental funds. Includes $10.4 billion for Iraqi Freedom Fund in FY2003 (deducting specified floors) plus $2 billion in transfer authority.

Several factors that may have contributed to this additional increase in O&M funding include:

- Substantial unanticipated growth in requirements for force protection gear and equipment ranging from night vision goggles to uparmored HMMWVs;

- extensive increases in command, communications, control, computers and intelligence support;
- DOD policy decisions to carry as war costs the Army's conversion to a modular structure, a modernization change, including some O&M as well as equipment costs;
- O&M costs associated with increases in the size of the Army and Marine Corps originally planned to be temporary and carried as a war cost, later adopted as permanent;
- the building of extensive and in some cases, elaborate, infrastructure to support troops and equipment in-country, and in neighboring areas; and
- poor wartime contracting practices increasing waste, fraud, and abuse and hence the cost of providing services to deployed personnel as reported by the Commission on Wartime Contracting.[58]

## Dramatic Growth in Investment Costs Now Moderated

Since FY2004, the rise in procurement costs has been dramatic – a seven-fold increase from $7.2 billion in FY2004 to $61.5 billion in FY2008, the peak year, accounting for $54.3 billion or close to half of the total increase in war costs in that period. The peak year reflects a congressional decision to spend $16.8 billion to buy what was then anticipated to be the full requirement for Mine Resistant Ambush Protected (MRAP) vehicles, a heavy truck with a V-shaped hull found to increase soldier survivability against roadside bombs or Improvised Explosive Devices (IEDs) (see **Table 7**).

As a share of DOD war appropriations, procurement grew from about 10% in FY2004 to about 20% in FY2006 and 34% FY2008. Since FY2003, DOD has received about $214.5 billion in war-related procurement funds—equal to about 2 and ½ times DOD's average peacetime procurement budgets in those years. Other investment costs – Research, Development, Test & Evaluation (RDT&E) and Military Construction have also grown rapidly though they generally account for about $2 billion in war funding (see **Table 7**).[59]

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[58] See CRS, Statement of Amy Belasco before the House Budget Committee, Hearing on "The Rising Cost of the Iraq War," October 24, 2007; http://budget.house.gov/hearings/2007/10.24Belasco_testimony.pdf; Commission on Wartime Contracting in Iraq and Afghanistan, "At What Cost: Contingency Contracting in Iraq and Afghanistan," Interim Report, June 2009;

http://www.wartimecontracting.gov/docs/CWC_Interim_Report_At_What_Cost_06-10-09.pdf;

Commission on Wartime Contracting in Iraq and Afghanistan," Special Report on Contractor Business Systems, "Defense Agencies must improve their oversight of contractor business systems to reduce waste, fraud, and abuse," September 21, 2009; http://www.wartimecontracting.gov/docs/CWC_SR1_business-systems_2009-09-21.pdf.

[59] DOD's base procurement was $74.7 billion in FY2004, $77.7 billion in FY2005, $76.5 billion in FY2006, $80.9 billion in FY2007, $98.2 billion in FY2008, $101.1 billion in FY2009, and $104.3 billion in FY2010; for figures, see CRS Reports CRS Report RL31805, *Authorization and Appropriations for FY2004: Defense*, CRS Report RL32305, *Authorization and Appropriations for FY2005: Defense*, CRS Report RL32924, *Defense: FY2006 Authorization and Appropriations*, CRS Report RL33045, *The Continued Dumping and Subsidy Offset Act ("Byrd Amendment")*, CRS Report RL34278, *FY2008 Supplemental Appropriations for Global War on Terror Military Operations, International Affairs, and Other Purposes*, CRS Report RL34473, *Defense: FY2009 Authorization and Appropriations*, CRS Report R40467, *Authority of State Legislatures to Accept Funds Under the American Recovery and Reinvestment Act of 2009 (P.L. 111-5)*.

Typically, war funds do not include RDT&E or military construction because both activities take considerable time, and hence do not appear to meet an emergency criterion. In this respect, the Iraq and GWOT conflicts have broken new ground. DOD is now receiving substantial war funding for RDT&E in both titles, particularly the Joint IED Defeat Fund, a new account to develop and field new ways to counter roadside bombs or Improvised Explosive Devices, which are later transferred to individual accounts after enactment, which now receives $3 billion to $4 billion annually (see **Table 7**).

Some of the reasons for this surge in war-related investment costs are known:

- a push by both DOD and Congress to provide more force protection equipment and increase situational awareness (e.g., uparmored High Mobility Multipurpose Wheeled Vehicles (HMMWVs), radios, sensors);
- a decision to fund as war expenses equipment for newly configured Army and Marine Corps units, known as modularity or restructuring;
- the growing bill to rebuild or replace damaged equipment, a process known as reset or reconstitution;
- and perhaps most importantly, the adoption by DOD in 2006 of an expansive definition of the types of programs that DOD considered to be war-related to include those necessary to prepare for a "long war on terror," rather than specifically the Afghan and Iraq wars (see **Appendix D**).

DOD ultimately requested and received as part of war funding considerable procurement funds for recapitalization of equipment, converting to modular units, force protection, and upgrades, much of which overlapped baseline budget requirements, since DOD is always purchasing new equipment to improve capability. In this way, DOD war funding, in fact, financed some of DOD's modernization requirements sooner than anticipated.

Other funding, for example, for force protection items like uparmored HMMWVs, MRAP vehicles and additional communication gear, was not anticipated in DOD's long-term planning because the nature of the counterinsurgency warfare was not considered a high priority.

Shifting funding from the regular budget to emergency funding is attractive because DOD's emergency spending has not been subject to budget caps, allowing the services to substitute other less urgent requirements in their baseline budgets. On the other hand, DOD consistently faces budget pressure from unanticipated increases in the cost of its new weapon systems.

With the new Administration, this trend may have been reversed with DOD's adoption of stricter guidance for procurement and investment requests in FY2009, restoring the earlier definition of reset, which limited procurement to war losses, and excluded items currently scheduled for replacement, and limited upgrades to those directly supporting war operations. With this new guidance, procurement levels have dropped from the peak of $61.5 billion in FY2008 to $32.0 billion in FY2009, $27.5 billion in FY2010 (including the pending request), and $21.4 billion in the FY2011 request (see **Table 7**).

In addition, the new criteria required that procurement requests be limited to those which could be obligated, or put on contract, within 12 months, as would be appropriate for emergency war-

related requirements.[60] It does not appear that all of DOD's recent war procurement requests will comply with this requirement because as of April 2010, DOD Cost of War reports show some 40% of funds appropriated in FY2009 for war as unobligated.[61]

Procurement levels would also be expected to fall as troops are withdrawn from Iraq reducing the wear and tear on equipment. Although the Army has anticipated that reset requirements would persist even after forces are withdrawn, DOD's reset requirements have largely been covered within its war funding requests. At the same time, higher troop levels in Afghanistan would not immediately require buying new equipment because the effect of operations on equipment takes time.

In addition, in the past two years, Secretary of Defense Gates has pushed to move some war costs that he considers part of long-term requirements for counter-terrorism operations or those likely to persist after conflicts end to the base budget. This includes, for example moving an expansion of special operations forces, and higher funding for mental health to the base budget. While some $8 billion was transferred from the war to the base budget in FY2010, and smaller amounts in FY2011, DOD has not published its criteria, and the scope of likely transfers is unclear.[62]

## Military Construction Grows Rapidly

Funding for military construction has been controversial for several reasons, with members particularly concerned about whether construction indicates an intent to set up permanent bases in Iraq and now in Afghanistan. Both recent defense appropriation and authorization acts prohibit the United States from establishing permanent bases in either Iraq or Afghanistan.[63]

In addition, the timing of construction may prove problematic since building facilities often takes several years, and future plans for Afghanistan remain uncertain. DOD has also requested funds for some construction in the United States that may be only marginally war-related (e.g., soldier readiness centers, childcare centers, and barracks improvements).

Although DOD guidelines emphasize building relocatable structures in Iraq and Afghanistan, some structures could be either temporary or permanent. While concerns about Iraq have dissipated with troop withdrawals, concerns in Afghanistan are growing, as is funding and use of DOD's contingency contracting authority where DOD can draw funds from O&M for construction projects that were not anticipated at the time of the request (see discussion of this issue in CRS Report R41232, *FY2010 Supplemental for Wars, Disaster Assistance, Haiti Relief, and Other Programs*, coordinated by Amy Belasco). In light of the uncertainty about the timeline of the U.S. presence in Afghanistan, this issue is likely to continue to be a significant concern.

[60] OMB, " Criteria for War/Overseas Contingency Operations Funding Requests," February 26, 2009.

[61] CRS calculation based on DOD, "Cost of War Report," April 30, 2010.

[62] CRS Report R40567, *Defense: FY2010 Authorization and Appropriations*, coordinated by Pat Towell, p.17.

[63] See Sec. 314 and Sec. 315 and Sec. P.L. 110-32 in the FY2009 Supplemental Appropriations Act applying to "this or any other act", and Secs. 1237 and Sec. 2806, P.L. 111-84, the FY2010 National Defense Authorization Act; see also section, "More Spending for Bases in Afghanistan Raises Questions of Permanency and Execution," in CRS Report R41232, *FY2010 Supplemental for Wars, Disaster Assistance, Haiti Relief, and Other Programs*, coordinated by Amy Belasco.

In addition, DOD built up a far more extensive infrastructure than anticipated to support troops and equipment in and around Iraq and Afghanistan. Military construction funding more than doubled from $.5 billion in FY2005 to $1.7 billion in FY2007, continuing at that level in FY2008.In FY2010, this funding reaches $2.0 billion with another $1.3 billion requested in the FY2011 request, all reflecting the expansion of U.S. operations in Afghanistan (see **Table 7**).

## Special Funds and the Flexibility Issue

Shortly after the 9/11 attacks, Congress gave DOD additional flexibility to respond to the uncertainty of wartime needs by providing lump sums in certain special accounts.[64] Once the Iraq war operations began, Congress also gave DOD funding for those war operations in the Iraq Freedom Fund (IFF), which were then transferred to regular individual accounts as requirements became clear. Later Congress agreed to set up special accounts or set caps to meet specific wartime needs, which didn't neatly fit into traditional accounts, such as the Afghan Security Forces Fund or the Commanders Emergency Response Program (CERP).

The issue for Congress is the amount of flexibility to give DOD to meet needs which it cannot define when appropriations are requested, and whether after-the-fact reporting is an adequate method of control. With problems identified by the Special Inspectors General for Iraq and for Afghanistan, GAO, and other inspection agencies in the Afghan and Iraq Security Forces Funds and in the Commanders Emergency Response Program, congressional concerns have grown as have reporting requirements.

### Short-Term Flexible Accounts

DOD initially received $17 billion in its Defense Emergency Response Fund (DERF), spending those funds directly out of the account based on broadly defined allocations such as "increased situational awareness," and "increased worldwide posture."[65] In the FY2002 Supplemental, Congress appropriated $13 billion for war costs including $11.9 billion in the DERF, which was transformed into a transfer account where funds, with guidelines by accounts set in the conference report.[66]

Another example of short-term flexible accounts is the $77.4 billion in war funding appropriated by Congress in the FY2003 Supplemental, including $15.6 billion in a new Iraq Freedom Fund (IFF) where DOD could transfer funds after enactment, and then report to Congress.[67] As the Afghan and Iraq wars continued, Congress insisted that DOD receive war funding in its traditional accounts. Since FY2004, Congress has appropriated most war funds to DOD's regular accounts, but has given DOD larger amounts of transfer authority where DOD can move funds after enactment with the consent of the four congressional defense committees.

[64] Congress appropriated $20 billion in the government-wide Emergency Response Fund which could be spent by the President at his discretion (P.L. 107-38). DOD also received another $3.5 billion in the DERF but had to follow allocations that were set in the FY2002 DOD Conference report (H.Rept. 107-350, p. 423).

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[66] H.Rept. 107-593, p. 17 and 128.

[67] Congress rescinded $3.5 billion of the $15.6 billion originally appropriated to the IFF and included ceilings for certain purposes, such as intelligence, within the total.

### Special Purpose Accounts

To meet particular requirements, however, Congress agreed to establish special accounts which allow DOD free to allocate funds as requirements evolve. For example, DOD receives funds in the Afghan Security Forces Fund (ASFF) that can be used for either Operation and Maintenance or Procurement.

Higher funding levels in these new accounts generally does not reflect troop levels or immediate operational needs and accounts for some of the growth of war costs since FY2004. Between FY2004 and FY2008, the peak war funding year, these accounts grew from $2.0 billion to $13.8 billion, thus helping explain about $10 billion of the $107 billion overall increase (see **Table 7**).

These flexible accounts include:

- Afghan and Iraq Security Forces Funds for training and equipping police and security forces, with changes reflecting plans to increase the force size;
- the Joint Improvised Explosive Device (IED) Defeat Fund for providing funds to be transferred to procurement, RDT&E, or operation and maintenance to develop and field solutions to the IED threat with funding reflecting anticipated breakthroughs; and
- the Iraq Freedom Fund, set up to cover war operations cost in the first year of the invasion and occupation (IFF), which DOD later transferred to regular accounts.

The Afghan and Iraq Security Forces Funds provide lump sums which DOD can allocate between equipment and training needs. Similarly the Joint IED Defeat Fund allows DOD to decide where funds are needed to meet this threat. Although the new accounts are designated to meet particular goals, they provide additional funding flexibility to DOD.

Congress has also set caps or ceilings on funding within O&M accounts for specific purposes rather than setting up separate accounts. These include funding for

- Coalition support primarily to support Pakistan's counter-terror operations related to OIF and OEF or other counter-terror operations; and the
- Commanders Emergency Response Program (CERP) for small reconstruction projects selected and run by individual commanders including support for local militia groups;

Typically, Congress has given DOD wide latitude in how to use these funds and required after-the-fact quarterly reporting.

# Questions To Raise About War Funding Issues

To evaluate DOD's war-related war funding requests, Congress may want to consider asking the following questions:

- whether reset requirements accurately reflect changes in force levels and the pace of operations;

- whether OMB's new guidelines to restrict equipment upgrades, emphasize quickly-spending funds, cut programs already scheduled for modernization are being followed;
- how previous war procurement funding could reduce DOD's regular maintenance and procurement needs by fixing and buying equipment earlier than planned;
- whether DOD extensive investments in the past nine years could reduce base budget funding requirements as troop level drop and the equipment is returned; and
- what types of expenses are appropriately funded in DOD's baseline budget for long lasting requirements for counterinsurgency conflicts as opposed to funding of the specific needs for the Afghan and Iraq wars?
- what are the long-term costs of training, equipping, and maintaining Afghan and Iraqi security forces, coalition support, and the Commanders Emergency Response Program (CERP)?

# Congressional Options to Affect Military Operations

As interest in alternate policies for first Iraq and now Afghanistan has grown, Congress may turn to the Vietnam, and other experience to look for ways to affect military operations and troop levels in Iraq. In the past, Congress has considered both funding and non-funding options. Most observers would maintain that restrictions tied to appropriations have been more effective.[68]

Restrictive funding options generally prohibit the obligation or expenditure of current or previously appropriated funds. Obligations occur when the government pays military or civilian personnel, or the services sign contracts or place orders to buy goods or services. Expenditures, or outlays, take place when payment is provided.

## The Vietnam Experience

Past attempts or provisions to restrict funding have followed several patterns, including those that cut off funding

- for particular types of military activities but permit funding for other activities (e.g., prohibiting funds for combat activities but permitting funds to withdraw troops);
- as of a certain date in a specific country;

[68] For an analysis of the legal issues in restricting military operations, see CRS Report RL33837, Congressional Authority to Limit U.S. Military Operations in Iraq, by Jennifer K. Elsea, Michael John Garcia, and Thomas J. Nicola. For examples of past enacted and proposed restrictions, see CRS Report RL33803, Congressional Restrictions on U.S. Military Operations in Vietnam, Cambodia, Laos, Somalia, and Kosovo: Funding and Non-Funding Approaches, by Amy Belasco et al. For recent proposals to restrict military operations, see CRS Report RL33900, FY2007 Supplemental Appropriations for Defense, Foreign Affairs, and Other Purposes, coordinated by Stephen Daggett.

- "at the earliest practical date," which essentially gives the president leeway to set the date; or
- if certain conditions are met (such as a new authorization) or certain events take place (such as the release of U.S. prisoners of war).

Other non-funding approaches to restrict military operations have

- required that troops be withdrawn by a specified date or at the "earliest practical date;"
- withdrawn funds unless there was a declaration of war or a specific congressional authorization of the war activities; or
- repealed previous congressional resolutions authorizing military activities.

One or both houses may also state a "sense of the Congress," or non-binding resolution that does not need to be signed by the President, that U.S. military operations should be wound down or ended or forces withdrawn.

While only a handful of provisions have been enacted, congressional consideration of these various limiting provisions did place pressure on the Administration and thus influenced the course of events. For example, the well-known Cooper-Church provision that prohibited the introduction of U.S. ground troops into Cambodia was enacted in early 1971 after U.S. forces had invaded and then been withdrawn from Cambodia. That provision was intended to prevent the reintroduction of troops.[69] Although President Nixon did not reintroduce U.S. troops, the United States continued to bomb Cambodia for the next three years.

Later in 1973, Congress passed two provisions that prohibited the obligation or expenditures of "any funds in this or any previous law on or after August 15, 1973" for combat "in or over or from off the shores of North Vietnam, South Vietnam, Laos or Cambodia."[70] The final version of that provision reflected negotiations between the Administration and Congress about when the prohibition would go into effect, with August 15, 1973 set in the enacted version. Bombing did, in fact, stop on that day.

Several well-known proposals that were not enacted—two McGovern-Hatfield amendments and an earlier Cooper-Church amendment—were also part of this Vietnam-era jockeying between the Administration and Congress. One McGovern-Hatfield amendment prohibited expenditure of previously appropriated funds after a specified date "in or over Indochina," except for the purpose of withdrawing troops or protecting our Indochinese allies, while another also prohibited spending funds to support more than a specified number of troops unless the president notified the Congress of the need for a 60 day extension. The earlier Cooper-Church amendment

[69] See discussion and language of the Cooper-Church amendment (Sec.7, P.L. 91-652) in CRS Report RL33803, *Congressional Restrictions on U.S. Military Operations in Vietnam, Cambodia, Laos, Somalia, and Kosovo: Funding and Non-Funding Approaches*, by Amy Belasco et al..

[70] One provision was included in both P.L. 93-52, the Continuing Appropriations Act of 1974 and the Second Supplemental Appropriations Act of 1973, P.L. 93-50, both enacted July 1, 1973; see CRS Report RL33803, *Congressional Restrictions on U.S. Military Operations in Vietnam, Cambodia, Laos, Somalia, and Kosovo: Funding and Non-Funding Approaches*.

prohibited the expenditure of any funds after July 1, 1970 to retain troops in Cambodia "unless specifically authorized by law hereafter."[71]

Generally, Congress continued to provide funds for U.S. troops in Vietnam at the requested levels as the Nixon Administration reduced troop levels. Overall, funding restrictions have generally proven more effective than the War Powers Act, which has been challenged by the executive branch on constitutional grounds.[72]

## Recent Restrictions Proposed

Most recently, as part of the July 1, 2010 debate over the House amended version of H.R. 4899, the FY2010 Supplemental, the House considered three amendments designed to restrict funding or troop levels for the Afghan war. The amendments are similar to some of those proposed during the Vietnam war.

Amendment No. 3 would delete all military funding for the Afghan war , and was defeated 25 to 376.[73]

Amendment No. 4 would limit the obligation and expenditure of funds to the protection and "safe and orderly withdrawal from Afghanistan of all members of the Armed Forces and Department of Defense contractor personnel who are in Afghanistan," and was defeated 100 to 321.[74]

Amendment No. 5 would require the President to submit a plan for a "safe, orderly, and expeditious redeployment of the Armed Forces from Afghanistan," along with a "timetable for the completion of that redeployment and information regarding variables that could alter that timetable," as well as require that none of the funds in the act be obligated or expended "in a manner that is inconsistent with the President's policy announced on December 1, 2009, to begin the orderly withdrawal of United States troops from Afghanistan after July 1, 2011," unless the Congress approves a joint resolution that would receive expedited consideration in both houses.[75] This amendment was defeated 162 to 260.

# Improving War Cost Estimates and Reporting

GAO, CBO, and CRS have all testified before Congress about the limited transparency in DOD' war cost estimating and reporting.[76] While DOD has provided considerably more justification material for its war cost requests beginning with the FY2007 Supplemental, many questions

[71] See H.R. 17123, H.R. 6531, and H.R. 15628 in Table 1 and Appendix of CRS Report RL33803, *Congressional Restrictions on U.S. Military Operations in Vietnam, Cambodia, Laos, Somalia, and Kosovo: Funding and Non-Funding Approaches*.

[72] CRS Report RS20775, *Congressional Use of Funding Cutoffs Since 1970 Involving U.S. Military Forces and Overseas Deployments*, by Richard F. Grimmett.

[73] See H.Rept. 111-522, p. 5 and p. 58 and *Congressional Record*, July 1,2 010, pp. H5358-H. 5407.

[74] See H.Rept. 111-522, p. 5 and p. 59ff and *Congressional Record*, July 1, 2010, pp. H5358-H5407.

[75] Ibid, p. 5 and p. 59ff and *Congressional Record*, July 1, 2010, pp. H5358-H5407.

[76] See testimony to House Budget Committee, October 24, 2007, July 31, 2007, and testimony to Subcommittee on National Security, Emerging Threats and International Affairs, House Government Reform, July 18, 2006.

remain difficult to answer – such as the effect of changes in troop levels on costs—and there continue to be unexplained discrepancies in DOD's war cost reports.

DOD also now reports the budget authority appropriated for war, the amounts within supplementals or other bills with war funding that DOD does not consider to be war-related and are not included in its monthly obligation reports, the amounts transferred between the base budget and war funding, and amounts that remain unobligated each month by account. This information is useful in tracking war costs.

To provide Congress a better basis for oversight, DOD could:

- provide estimates of the allocations of all budget authority provided for OIF and OEF by account, and compare requests to outlays to date;
- provide past, current, and future estimates of deployed average troop strength – – for each operation, and explain how troop strength relates to military personnel and O&M requests, and how that changes as troop levels increase or decrease;
- set up separate appropriation accounts for war funding to create visibility on outlays and increase accuracy;
- explain the rationale and assumptions underlying procurement requests segregating funding by operation and by goals – reset requirements related to replacing combat losses, worn-out equipment not repairable, and other goals such as force protection explaining the rationales, as well as tracking amounts spent;
- show how funding in prior war appropriations may reduce DOD's baseline requests by funding maintenance or procurement earlier than anticipated;
- estimate future costs under various scenarios.

In its Section 9010 report, the Iraq Metrics Report, and Section 1231 Report on Progress Toward Security and Stability in Afghanistan, the Administration provides Congress with fairly detailed reporting on trends and various metrics for success – ranging from average daily hours of electrical power by province to average weekly attacks on civilians, the size and training levels of Afghan and Iraq Security Forces. These measures, however, are not related to changes in U.S. military costs, which is also not one of the metrics included. Detailed reporting of different military costs and troop levels could be another metric for assessing operations in Iraq, Afghanistan and other counter terror operations.[77]

[77] H.Rept. 109-72, p. 97; DOD, Section 9010 Report to Congress, "Measuring Stability and Security in Iraq" http://www.defenselink.mil/pubs/iraq_measures.html.

# Appendix A. Monthly Boots on the Ground in Iraq and Afghanistan

**Table A-1. Boots on the Ground in Iraq and Afghanistan by Month**

September 2001-September 2010

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | **2001** | | | | | | |
| Afghanistan | | | | | | | | | 0 | 0 | 0 | 0 |
| Iraq | | | | | | | | | 0 | 0 | 0 | 0 |
| Both | | | | | | | | | 0 | 0 | 0 | 0 |
| | | | | | | **2002** | | | | | | |
| Afghanistan | 4,100 | 4,200 | 5,000 | 6,600 | 6,900 | 7,300 | 8,900 | 9,500 | 10,400 | 10,500 | 10200 | 9,700 |
| Iraq | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Both | 4,100 | 4,200 | 5,000 | 6,600 | 6,900 | 7,300 | 8,900 | 9,500 | 10,400 | 10,500 | 10200 | 9,700 |
| | | | | | | **2003** | | | | | | |
| Afghanistan | 9,800 | 9,500 | 11,450 | 9,300 | 9,900 | 10,900 | 10,900 | 12,700 | 9,800 | 12,100 | 12,000 | 13,100 |
| Iraq | 0 | 0 | 0 | 93,900 | 145,700 | 147,400 | 149,400 | 146,000 | 130,300 | 136,900 | 131,300 | 123,700 |
| Both | 9,800 | 9,500 | 11,450 | 103,200 | 155,600 | 158,300 | 160,300 | 158,700 | 140,100 | 149,000 | 143,300 | 136,800 |
| | | | | | | **2004** | | | | | | |
| Afghanistan | 13,500 | 12,300 | 14,100 | 19,500 | 17,700 | 17,800 | 17,400 | 15,700 | 16,800 | 17,500 | 17,800 | 18,300 |
| Iraq | 126,900 | 108,400 | 119,600 | 131,700 | 139,800 | 144,300 | 140,600 | 126,800 | 137,700 | 134,600 | 135,900 | 142,600 |
| Both | 140,400 | 120,700 | 133,700 | 151,200 | 157,500 | 162,100 | 158,000 | 142,500 | 154,500 | 152,100 | 153,700 | 160,900 |
| | | | | | | **2005** | | | | | | |
| Afghanistan | 18,700 | 20,300 | 20,900 | 19,500 | 20,000 | 19,200 | 21,100 | 17,400 | 18,000 | 17,800 | 17,400 | 18,500 |
| Iraq | 152,300 | 161,200 | 147,800 | 147,900 | 140,000 | 141,100 | 139,300 | 139,200 | 143,700 | 150,000 | 159,800 | 156,200 |
| Both | 171,000 | 181,500 | 168,700 | 167,400 | 160,000 | 160,300 | 160,400 | 156,600 | 161,700 | 167,800 | 177,200 | 174,700 |
| | | | | | | **2006** | | | | | | |
| Afghanistan | 20,300 | 22,700 | 20,000 | 23,300 | 21,800 | 22,300 | 20,800 | 19,700 | 20,400 | 19,800 | 20,500 | 21,800 |
| Iraq | 155,100 | 139,300 | 133,500 | 132,500 | 132,300 | 130,300 | 127,300 | 133,500 | 143,400 | 142,600 | 151,200 | 136,900 |
| Both | 175,400 | 162,000 | 153,500 | 155,800 | 154,100 | 152,600 | 148,100 | 153,200 | 163,800 | 162,400 | 171,700 | 158,700 |

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | **2007** | | | | | | |
| Afghanistan | 26,000 | 24,800 | 24,400 | 23,900 | 26,400 | 23,800 | 24,000 | 24,000 | 24,500 | 24,400 | 24,800 | 24,600 |
| Iraq | 131,500 | 138,300 | 141,200 | 147,900 | 147,400 | 152,500 | 159,600 | 161,400 | 169,000 | 164,700 | 170,300 | 165,700 |
| Both | 157,500 | 163,100 | 165,600 | 171,800 | 173,800 | 176,300 | 183,600 | 185,400 | 193,500 | 189,100 | 195,100 | 190,300 |
| | | | | | | **2008** | | | | | | |
| Afghanistan | 27,000 | 28,000 | 28,800 | 33,100 | 35,600 | 34,000 | 33,700 | 34,200 | 33,500 | 33,000[a] | 33,000[a] | 32,500 |
| Iraq | 160,200 | 158,100 | 160500 | 152,300 | 158,900 | 153,300 | 147,400 | 145,100 | 146,800 | 147,650[a] | 148,075[a] | 148,500 |
| Both | 187,200 | 186,100 | 189,300 | 185,400 | 194,500 | 187,300 | 181,100 | 179,300 | 180,300 | 180,650[a] | 181,075[a] | 181,000 |
| | | | | | | **2009** | | | | | | |
| Afghanistan | 32,800 | 35,900 | 38,350 | 39,000 | 44,700 | 55,100 | 56,500 | 62,600 | 62,300 | 65,800 | 67,500 | 69,000 |
| Iraq | 144,100 | 146,400 | 141,300 | 139,400 | 134,100 | 134,500 | 132,300 | 132,600 | 129,200 | 120,300 | 119,300 | 114,300 |
| Both | 176,900 | 182,300 | 179,650 | 178,400 | 178,800 | 189,600 | 188,800 | 195,200 | 191,500 | 186,100 | 186,800 | 183,300 |
| | | | | | | **2010** | | | | | | |
| Afghanistan | 70,200 | 74,600 | 85,000 | 87,600 | 89,700 | 91,775 | 95,925[b] | 95,920[b] | 98,000[b] | | | |
| Iraq | 112,400 | 101,100 | 95,900 | 98,850 | 94,250[b] | 92,000[b] | 78,000[b] | 64,000[b] | 50,000[b] | | | |
| Both | 182,600 | 175,700 | 180,900 | 186,450 | 178,760[b] | 171,070[b] | 163,380[b] | 155,690[b] | 148,000[b] | | | |

**Sources:** DOD, Joint Staff, Summary and Monthly Boots on the Ground Reports to Congress; for troops in country through August 2009; interpolated for October and November 2008 and August 2009 because not reported. Estimates for Afghanistan reflect Figure 6-2, "Force Level Assumptions in DoD Budgets," in *DOD, FY2011 Budget Request: Overview*, Feb. 1, 2010; http://comptroller.defense.gov/defbudget/fy2011/FY2011_Budget_Request_Overview_Book.pdf.

**Notes:** Estimates for Iraq reflect DOD press conference cited above.

a. DOD did not send Congress reports for Oct. and Nov. 2008 so CRS interpolated these months.

b. CRS estimates for the rest of FY2010 reflect DOD plans for average strength of 84,000 in Afghanistan. CRS estimates for Iraq are based on a DOD, Press Conference of January 27, 2010, where he said that shortly after the elections (on March 7, 2010), " there's going to be a pretty steep drop-off to get down to basically six advise-and-assist brigades, under 50,000 forces." U.S. Status of Forces agreement with Iraq requires that U.S. forces in Iraq are down to 50,000 by August 31,2010; see also, CRS estimates the months from June to September 2010 by distributing the difference between the reported May 2010 level and the September 2010 endpoint of 50,000 non-combat troops for Iraq and the same method for Afghanistan, distributing the difference between the May 2010 report and the September goal of 98,000.

# Appendix B. War Appropriations by Public Law and Agency

The table below shows enacted appropriations by act from FY2001-FY2011 Supplemental.[78]

**Table B-1. Defense Department, Foreign Operations Funding, and VA Medical Funding for Iraq, Afghanistan and Other Global War on Terror Activities, FY2001-FY2010 Supplemental**

(in billions of dollars of budget authority)

| Name of Law | Public Law No. | Date Enacted | DOD Funds | State/ USAID | VA Medical | Total cost |
|---|---|---|---|---|---|---|
| FY2001 Emerg. Supp. Approp. Act for Recovery from and Response to Terrorist Attacks on the United States | P.L. 107-38 | 9/18/01 | 13.6 | 0.3 | 0 | 13.9 |
| FY2002 Dept. Of Defense and Emergency Terrorism Response Act | P.L. 107-117 | 1/10/02 | 3.4 | 0 | 0 | 3.4 |
| FY2002 Emergency Supplemental | P.L. 107-206 | 8/2/02 | 13.8 | 0.4 | 0 | 14.1 |
| FY2002 Regular Foreign Operations | P.L. 107-115 | 1/10/02 | 0.0 | 0.2 | 0 | 0.2 |
| FY2003 Consolidated Appropriations | P.L. 108-7 | 2/20/03 | 10.0 | 0.4 | 0 | 10.4 |
| FY2003 Emergency Supplemental | P.L. 108-11 | 4/16/03 | 62.6 | 3.4 | 0 | 66.0 |
| FY2003 DOD Appropriations[a] | P.L. 107-248 | 10/23/02 | 7.1 | 0 | 0 | 7.1 |
| FY2004 DOD Appropriations Act[a] | P.L. 108-87 | 9/30/03 | -3.5 | 0 | 0 | -3.5 |
| FY2004 Emergency Supplemental | P.L. 108-106 | 11/6/03 | 64.9 | 21.2 | 0 | 86.1 |
| FY2004 Foreign Operations Appropriations | P.L. 108-199 | 1/23/04 | 0 | 0.5 | 0 | 0.5 |
| FY2005 DOD Appropriations Act | P.L. 108-287 | 8/5/04 | 25.0 | 0.7 | 0 | 25.7 |
| FY2005 DOD Appropriations Actc | P.L. 108-287 | 8/5/04 | 2.1 | 0 | 0 | 2.1 |
| FY2005 Consolidated Approps. | P.L. 108-447 | 12/8/04 | 0 | 1.0 | 0 | 1.0 |
| FY2005 Supplemental Approps.d | P.L. 109-13 | 5/11/05 | 75.9 | 3.1 | 0 | 79.0 |
| FY2006 Interior & Rel. Ag. Approps.[e] | P.L. 109-54 | 8/2/05 | 0 | 0 | 0.2 | 0.2 |
| FY2006 Foreign Operations Approps. | P.L. 109-102 | 11/14/05 | 0 | 1.0 | 0 | 1.0 |
| FY2006 Science, State, & Rel. Agencies Appropriations Act | P.L. 109-108 | 11/22/05 | 0 | 0.1 | 0 | 0.1 |
| FY2006 Military Quality of Life & Veterans Affairs[e] | P.L. 109-114 | 11/30/05 | 0 | 0 | 0.4 | 0.4 |
| FY2006 DOD Approps Act | P.L. 109-148 | 12/30/05 | 50.0 | 0 | 0 | 50.0 |
| FY2006 DOD Appropriations Act[c] | P.L. 109-148 | 12/30/05 | 0.8 | 0 | 0 | 0.8 |

[78] Totals reflect budget authority for war-related expenses from appropriations and transfers, and exclude contingent appropriations not approved, rescissions that do not affect war-related funds, non-war-related funds included in supplementals, and transfers that were later restored in supplemental appropriations.

| Name of Law | Public Law No. | Date Enacted | DOD Funds | State/ USAID | VA Medical | Total cost |
|---|---|---|---|---|---|---|
| FY2006 Emergency Supplemental | P.L. 109-234 | 6/15/06 | 66.0 | 3.2 | 0 | 69.2 |
| FY2007 DOD Appropriations Act[b] | P.L. 109-289 | 9/29/06 | 70.5 | 0 | 0 | 70.5 |
| FY2007 Continuing Resolution[f] | P.L. 110-5 | 2/15/07 | 0 | 1.3 | 0.6 | 1.8 |
| FY2007 Supplemental | P.L. 110-28 | 5/25/07 | 94.5 | 3.8 | 0.4 | 98.7 |
| FY2008 Continuing Resolution | P.L. 110-92 | 9/29/07 | 5.2 | 0 | 0 | 5.2 |
| FY2008 DOD Appropriations Act | P.L. 110-116 | 11/13/07 | 11.6 | 0 | 0 | 11.6 |
| FY2008 Consolidated Approps. Act | P.L. 110-161 | 12/26/07 | 70.0 | 2.3 | 0.9 | 73.2 |
| FY2008 Supplemental Approps. Act[g] | P.L. 110-252 | 6/30/08 | 157.9 | 5.0 | 0.4 | 163.2 |
| FY2009 Consolidated Security, Disaster Assistance, and Continuing Appropriations Act | P.L. 110-329 | 9/30/08 | 2.5 | 0 | 1.5 | 4.0 |
| FY2009 Omnibus Appropriations Act | P.L. 111-8 | 3/11/09 | 0 | 1.1 | 0 | 1.1 |
| FY2009 Supplemental Appropriations Act | P.L. 111-32 | 6/24/09 | 80.0 | 2.5 | 0 | 82.5 |
| FY2010 Consolidated Appropriations Act | P.L. 111-117 | 12/16/09 | 1.4 | 4.8 | 2.0 | 8.2 |
| FY2010 DOD Appropriations Act, Title IX | P.L. 111-118 | 12/19/09 | 127.3 | 0 | 0 | 127.3 |
| FY2010 Supplemental | P.L. 111-212 | 7/27/10 | 30.8 | 3.4 | 0 | 34.2 |
| **Subtotal** | | | **1,043.3** | **59.3** | **6.3** | **1,109.0** |
| Unidentified Transfers[h] | unknown | unknown | 2.2 | 0 | 0 | 2.2 |
| FY2003 Transfers[h] | various | NA | 1.2 | 0 | 0 | 1.2 |
| FY2004 Transfers[h] | various | NA | 5.7 | 0 | 0 | 5.7 |
| FY2005 Transfers[h] | various | NA | 1.5 | 0 | 0 | 1.5 |
| **Subtotal Transfers[h]** | | | **10.6** | **0** | **0** | **10.6** |
| **Total Enacted (w/transfers)** | NA | NA | **1,054.0** | **59.3** | **6.3** | **1,119.6** |

**Source:** CRS calculations based on public laws, reports, explanatory statements, and DOD documents.

**Notes:** NA = Not applicable. Numbers may not add to totals due to rounding. DOD's regular appropriations bills included a separate Title IX for additional emergency appropriations for war costs from FY2005 – FY2010 to "bridge" the gap between the beginning of the fiscal year and passage of a supplemental.

a. FY2003 Appropriations Act included $7.1 billion in regular FY2003 defense appropriations for GWOT that DOD cannot track; the FY2004 DOD Appropriations Act rescinded $3.5 billion in FY2003 war monies.

b. Title IX funds in FY2005 do not include a $1.8 billion scoring adjustment that reverses the previous rescission of FY2004 funds because this did not change wartime monies.

c. Reflects funds obligated for Operation Noble Eagle from DOD's regular appropriations as reported by the Defense Finance Accounting Service.

d. Excludes funds for Tsunami relief.

e. Includes VA medical funds for Iraq and Afghan veterans in emergency funding in Interior bill and in regular VA appropriations.

f. State Department figures for foreign and diplomatic operations; CRS estimates for VA medical.

g. The FY2008 Supplemental included funds for both FY2008 and bridge funds for FY2009.

h. CRS calculations of transfers from DOD's regular appropriations to war funding based on DOD's 1414 reports on prior approval reprogrammings, and other sources. From DOD documents, it appears that

DOD transferred about $2.0 billion from its baseline funds to prepare for the Iraq invasion during the summer and fall of 2002 but the source of those funds is not identified.

# Appendix C. Estimating War Costs for Iraq and Afghanistan

The figures in the tables in this report largely reflect DOD's monthly and cumulative Cost of War reports, which track war obligations (contracts signed, orders placed, and military and civilian personnel paid) for Operation Iraqi Freedom (OIF), and Operation Enduring Freedom (Afghanistan), and DOD estimates of its request. CRS has made certain adjustments to include some items that DOD does not capture in its war cost reports (e.g., national intelligence), and to exclude some funding provided in supplementals not linked to ongoing operations like childcare centers or barracks improvements.[79] Starting in 2009, DOD improved its cost of war reporting to include listing those items that it excludes as not war-related, and tracking transfers between accounts. For these reasons, the total funding levels in this report are not necessarily the same as those reported for supplemental appropriations acts.

CRS uses budget justification material and other data from the State Department for diplomatic operations and USAID programs, and from the Veterans Administration for VA medical costs for OEF/OIF veterans to compile the total funding for war-related activities in Afghanistan and Iraq. CBO has also estimated total war funding, excluding some funds appropriated in supplementals that are not war-related. CRS and CBO estimates are generally close.[80]

GAO has raised questions about whether DOD war cost reporting accurately captures the split between Afghanistan and Iraq, noting that the services have considerable difficulty in allocating funds between the two operations, and have tended to overstate the amounts attributable to Iraq "since it is viewed as the larger of the two operations ... "[81] This is particularly the case with procurement funding which peaked in FY2008 at over $60 billion.

Judging the overall accuracy of DOD-reported war obligations is problematic because other sources are not available.

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[79] See for example, Table 1 in FY2009 Supplemental Justification, DOD, Overseas Contingency Operations Request, FY2009 Supplemental: Summary Justification Material, April 2009;

http://www.defenselink.mil/comptroller/defbudget/fy2009/Supplemental/FY2009_Supplemental_Request/pdfs/FY_2009_Supplemental_Request_04-08-09.pdf. In some cases, CRS and DOD differ about what is considered to be war-related. For example, DOD excludes Congressional adds for C-17 aircraft, a transport aircraft that has seen heavy use in Afghanistan and Iraq. CRS includes those funds on the basis that additional purchases may be needed because aircraft may not last as long as anticipated because of their heavy use. CRS war cost estimates also exclude funding in supplementals for other emergency programs such as additional food aid, military and economic assistance to Pakistan, and foreign assistance activities in several African countries.

[80] See for example, Box 1-1, CBO, *The Budget and Economic Outlook: An Update*, September 2008, p. 13. For DOD, see Office of the Secretary of Defense, Comptroller, "Cost of War Update as of February 28, 2009," p. 6. DOD justification material for its FY2007 and FY2008 war requests shows that budget authority for war fell $2 billion short in FY2001 and $4 billion short in FY2004—a gap presumably met by transferring funds from its regular appropriations. CRS added $2 billion to its estimates to reflect these funds. Specifically, CRS calculations of DOD funding include some $5 billion appropriated for GWOT in FY2003 in P.L. 107-48, and about $10 billion in transfers from DOD's baseline appropriations that were transferred to meet war needs, as well as intelligence and other funding not tracked by DOD.

[81] GAO, Global War on Terrorism: DOD Needs to More Accurately Capture and Report the Costs of Operation Iraqi Freedom and Operation Enduring Freedom. GAO-09-302, March 17, 2009, p. 17, see discussion, p. 15-17.

http://www.gao.gov/new.items/d09302.pdf.

# Appendix D. Reset and Higher Force Levels

Another major war cost issue that has arisen and may re-surface is the amount of funds needed to "reset" or restore the services' equipment to pre-war levels. The largest single reason for the increase in war costs between FY2004 and FY2008 was the amount requested and received by DOD for reset. While repair and replacement costs might be expected to grow over time as operations wear down equipment, much of the growth from FY2006-FY2008 reflects a policy decision to broaden the definition of what was considered a war-related cost.[82]

If the FY2010 supplemental is approved, DOD will have requested and received about $151 billion for reset, defined as the "process of bringing a unit back to full readiness once it has been rotated out of a combat operation," by repairing and replacing equipment and resting and retraining troops.[83] Another $21 billion is requested in FY2011. Generally, about half of this funding has been for repair and half for purchasing new equipment.

## DOD Changes Definition of War Costs

From the mid 1990s until 2006, DOD's financial regulations defined the cost of contingencies to include only incremental costs directly related to operations. Until October 2006, that guidance was largely used by the services to prepare their estimates for Iraq and GWOT. The guidance required that the service show assumptions about troop levels, operational tempo, and reconstitution and limit requests to incremental costs—"that would not have been incurred had the contingency operation not been supported." Investment requests are also to be incremental and included "only if the expenditures were necessary to support a contingency operation."[84] (Little of this information was provided to Congress in DOD's requests.) The services are to repair equipment if economical or replace it if replacement costs almost as much as repair.

In the July 19, 2006 guidance to the services for developing the FY2007 Supplemental and FY2008 war cost requests, these strictures were reiterated. That guidance also prohibited including Army modularity "because it is already programmed in FY2007 and the outyears," and warned that the services would have to demonstrate that investment items were "directly associated with GWOT operations," rather than to offset "normal recurring replacement of

[82] CRS, Statement of Amy Belasco before the House Budget Committee, "The Growing Cost of the Iraq War," October 24, 2007 http://budget.house.gov/hearings/2007/10.24Belasco_testimony.pdf.

[83] For total through FY2008, see Center for Strategic and Budgetary Assessments, Steve Kosiak, *Cost of Wars in Iraq and Afghanistan and Other Military Operations*, 12-15-08; http://www.csbaonline.org/4Publications/PubLibrary/R.20081215.Cost_of_the_Wars_i/R.20081215.Cost_of_the_Wars_i.pdf; for FY2009, see Table 5-11 in DOD, *Fiscal Year 2010: Summary Justification*, May 2009;

http://www.defenselink.mil/comptroller/defbudget/fy2010/fy2010_SSJ.pdf; for FY2010 and FY2011, see Table 8-5 in DOD, *FY2011 Budget Request: Overview*, Feb. 1, 2010; http://comptroller.defense.gov/defbudget/fy2011/FY2011_Budget_Request_Overview_Book.pdf.

For definition, see Office of the Secretary of Defense, Report to Congress, *Ground Force Equipment Repair, Replacement, and Recapitalization Requirements Resulting from Sustained Combat Operations*, April 2005, p. 8; see also GAO-06-604T, *Defense Logistics: Preliminary Observations on Equipment Reset Challenges and Issues for the Army and Marine Corps*, p. 3.

[84] DOD, *Financial Management Regulations*, Chapter 12, Sec. 23, "Contingency Operations," p. 23-11ff, 23-21, 23-25, 23-27; http://www.dod.mil/comptroller/fmr/12/12_23.pdf.

equipment."[85] In addition, the services would have to show that reset plans were executable in FY2007, presumably the last several months of the fiscal year.

On October 25, 2006, Deputy Secretary of Defense Gordon England issued guidance for requesting war funds to the services, requiring them to submit new requests within two weeks that reflected the "longer war on terror" rather than strictly the requirements for war operations in Iraq, Afghanistan and other counter-terror operations.[86] Such a substantial change would be expected to reflect guidance from the Secretary of Defense, the Office of Management and Budget, and the President. This new definition appeared to have paved the way for including a far broader range of requirements particularly since the needs of the "longer war" were not defined.

Since the war on terror is now considered part of DOD's national strategy, some might argue that these types of expenses should be included in DOD's regular budget where they would compete with other defense needs.[87]

## Front Loading Reset Funding

The FY2007 Supplemental included an additional $14 billion for reset—the replacement of war-worn equipment. DOD's request appeared to front load (or fund in advance) DOD's reset requirements, a fact acknowledged by then-OMB Director Robert Portman in recent testimony.[88] According to DOD figures, Army and Marine Corps reset requirements were fully met in the enacted FY2007 fund when Congress provided $23.7 billion for Army and Marine Corps reset costs, the amount that the services said was needed.[89]

As substantial amounts of equipment were sent back to the United States for repair, the Army and Marine Corps could compare its previous estimates with experience. The FY2007 Supplemental and the FY2008 war request both appear to include an extra year of Army and Marine Corps reset requirements. According to 2007 statements by Army Chief of Staff, General Peter J. Schoomaker, and other military spokesman, Army reset is estimated to be $12 billion to $13 billion a year as long as the conflict lasts at the current level and "for a minimum of two to three years beyond."[90] According to 2006 testimony by Marine Corps Commandant, General Michael

[85] Under Secretary of Defense, Memorandum for Secretaries of the Military Departments, "Fiscal Year (FY) 2008-2013 Program and Budget Review," July 19, 2006, p. 34-49, specifically p. 36, 39, 41.

[86] Deputy Secretary of Defense Gordon England, Memorandum for Secretaries of the Military Departments, "Ground Rules and Process for FY'07 Spring Supplemental," October 25, 2006.

[87] See Chapter III, pp 19ff in The White House, "National Security Strategy," May 2010; https://digitalndulibrary.ndu.edu/cdm4/document.php?CISOROOT=/strategy&CISOPTR=8929&REC=1;

See Chapter III in The White House, "The National Security Strategy of the United States of America," March 2006; https://digitalndulibrary.ndu.edu/cdm4/document.php?CISOROOT=/strategy&CISOPTR=5286&REC=2.

[88] Testimony of OMB Director Robert Portman before the House Budget Committee, *Hearing on the FY2008 DOD Budget*, February 6, 2007, p. 41 of transcript.

[89] See table inserted by Senator Stevens in *Congressional Record*, August 2, 2006, p. S8571 showing $23.7 billion for reset, including $14 billion in procurement; total funded also provided $4.9 billion for unfunded FY2006 requirement; see also DOD's *Report to Congress, Long-Term Equipment Repair Costs*, September 2006.

[90] Statement of Peter J. Schoomaker, Chief of Staff, Department of the Army, before the House Armed Services Committee, "Reset Strategies for Ground Equipment and Rotor Craft," June 27, 2006, p.2; see also testimony of Brigadier General Charles Anderson, U.S. Army, House Armed Services Subcommittee on Readiness and Subcommittee on Air and Land Forces Hold, transcript, "Joint Hearing on Costs and Problems of Maintaining Military Equipment in Iraq," January 31, 2007, p. 6.

Hagee, their requirements are about $5 billion a year for a total of about $17 billion for the two services most heavily affected.[91] It is not clear whether these estimates are or remain valid.

DOD estimated that reconstitution would total $37.5 billion in FY2007 and $46 billion in FY2008, which was largely supported by Congress in FY2007.[92] The front loading of requirements may have been an attempt by the services to avoid being in the position of requesting reset funds after U.S. troops started to withdraw. While Congress endorsed most of the repair piece of reconstitution (funded in O&M) in the $70 billion FY2008 fund, only $6 billion of procurement monies related to reconstitution was included.[93]

## Carryover of DOD War Investment Funding

DOD's procurement requests for reconstitution may be less urgent than apparent because DOD has carried a substantial amount of war-related investment funds from previous appropriations – for example, a $45 billion carryover from previous years that had not been obligated or placed on contract – as of the beginning of FY2008.[94] Because investment funding is available for two to three (RDT&E for two years, procurement and military construction for three years), some of the funds may be obligated beyond the first year as contracts are written and processed.

DOD continues to have a substantial backlog of unobligated procurement monies. For example, DOD received $6 billion in P.L. 110-252 on June 30, 2008, and $25.8 billion in June 24, 2009 for FY2009 war-related procurement. As of April 30, 2010, about 40% of FY2009 procurement funds remain unobligated.[95]

## Accuracy and Expansion of Reconstitution Requests

Although reset requirements reflect the stress on equipment from operations, it is not clear that the services checked the accuracy of previous estimates. In 2007, GAO testified that the Army, with the largest reset requirement, could not track reset or ensure that funds appropriated for reset were in fact spent for that purpose, making it more difficult to assess the accuracy of DOD's requests.[96] In addition, presumably much of the equipment that is being repaired because of war operations, was originally slated for repair or replacement at a later date, and so is being repaired or replaced sooner than anticipated. That could mean DOD's baseline budget could be reduced to offset war funding already provided.

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[91] Testimony of General Michael Hagee, Marine Corps Commandant before the House Armed Services Committee, "Army and Marine Corps Reset Strategies for Ground Equipment and Rotor Craft," June 27, 2006, p. 41.

[92] DOD, *FY2008 Global War on Terror Request*, February 2007, Table 3; http://www.dod.mil/comptroller/defbudget/fy2008/fy2007_supplemental/FY2008_Global_War_On_Terror_Request.pdf hereinafter, DOD, *FY2008 GWOT Request*.

[93] Congress also provided $16.8 billion to buy and support MRAPS, a force protection request not related to reconstitution; see December 18, 2007 Congressional Record, p. S15858 for procurement items funded in the FY2008 included in Division L of the FY2008 Consolidated Appropriations Act.

[94] CRS, Statement of Amy Belasco before the House Budget Committee, "The Rising Cost of the Iraq War," October 24, 2007; http://budget.house.gov/hearings/2007/10.24Belasco_testimony.pdf.

[95] CRS calculations based on DOD, "Cost of War Execution Report," April 30, 2010.

[96] GAO-07-439T, Testimony of William Solis before the Subcommittee on Readiness and Air and Land Forces, House Armed Services Committee, January 31, 2007, p. 2 and 3.

Reset requirements may also be uncertain because the number of troops and the nature of operations may change. Service estimates of requirements have changed in recent years. In a September 2006 report to Congress, for example, annual reset requirements in FY2008 were estimated to be $13 billion for the Army and about $1 billion for the Marine Corps.[97] Several months earlier in the spring of 2006, the Army estimated that reset requirements would decrease from $13 billion a year to $10.5 billion a year for the next two years and then decline to $2 billion a year if troops were withdrawn over a two-year period.[98]

A year earlier, in March 2005, CBO estimated that annual repair and replacement costs would run about $8 billion a year based on the current pace of operations and service data.[99] In a 2007 report, CBO estimated that 40% of the Army's war requests were not directly for reset needs.[100] More recently, use of equipment in Iraq may be less intense than previously as U.S. troops predominantly adopt advisory and assistance rather than combat roles.

DOD's earlier definition of reset included not only replacing battle losses (typically about 10% of the total), equipment repair (about half of the total), and also recapitalization that typically upgrades current equipment, and repair and replacement of prepositioned equipment stored overseas that has been tapped to meet war needs. The Army had been planning to recapitalize equipment and modernize prepositioned equipment stocks to match the new modular designs as part of its ongoing modernization. For this reason, the case for these expenses as incremental wartime requirements has proven questionable.

## Modularity as an Emergency Expense

The distinction between war-related and regular funding was also been made murky by DOD requests to treat conversion of Army and Marine Corps units to new standard configurations—known as modularity and restructuring—as a war requirement. In a 2007 report, for example, the Army acknowledged that "since modularity requirements mirror the equipment requirements the Army already procures for its units, the ability to precisely track modularity funds is lost."[101]

At DOD's request, Congress agreed to provide $5 billion in the FY2005 and in FY2006 supplementals for converting units with the understanding that DOD would move these funds back to its regular budget in later years. The FY2007 Supplemental again included $3.6 billion to convert two Army brigade teams and create an additional Marine Corps regimental combat team, highlighting the issue of whether funds within DOD's regular requirements are being shifted to emergency funding. The FY2008 war request also included $1.6 billion to accelerate the creation of more modular brigades plus additional funds for equipping them.[102]

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[97] Office of the Secretary of Defense, Report to the Congress, "Long-Term Equipment Repair Costs," September 2006, p. 24 and p. 25.

[98] Army Briefing, "Army Equipment Reset Update," May 18, 2006, p. 8.

[99] CBO Testimony by Douglas Holtz-Eakin, Director, "The Potential Costs Resulting from Increased Usage of Military Equipment in Ongoing Operations," before the Subcommittee on Readiness, House Armed Services Committee April 6, 2005, p. 2.

[100] CBO, *Replacing and Repairing Equipment Used In Iraq and Afghanistan: The Army's Reset Program* by Frances M. Lussier, September 2007; http://www.cbo.gov/showdoc.cfm?index=8629&sequcence=0&from=7, p. ix.

[101] Secretary of the Army, "Sec. 323 report required by the FY2007 National Defense Authorization Act, P.L. 109-364," February 14, 2007, p. 4.

[102] DOD, *FY2008 Global War on Terror Amendment*, October 2007, http://www.defenselink.mil/comptroller/ (continued...)

DOD argued that these costs should be considered war-related because having more modular units makes it easier to rotate units to the war zone and hence would extend the time between deployments giving soldiers more time at home, or "dwell time," and hence improving readiness. This conclusion has been questioned in studies by CBO and RAND. Both studies found that modularity would only marginally improve rotation schedules. CBO estimated that the Army's modularity initiative would only make available an additional 6,000 to 7,000 troops.[103] DOD does not estimate the effect of either its previous or new funding for modularity on the amount of time soldiers have at home between deployments.

Congress included the funds in the FY2005 and FY2006 war appropriations acts with some reluctance (effectively giving the Army more room in its regular budget for two years) based on an understanding with DOD that this funding would return to the regular budget after FY2006 and that $25 billion was set aside for the Army in future years to cover these costs.[104] Congress appears to have approved these costs in FY2007 as well.

## Growing the Force as a War Cost

Previously, Congress has provided funding to cover "overstrength" or the cost of recruiting and retaining additional personnel above the Army's pre-war end strength of 482,000 and the Marine Corps end strength of 175,000. DOD has argued that these increases were required to reduce the stress on forces and that the increases would be temporary. In January 2007, the President announced plans to permanently increase the size of the Army and Marine Corps by 92,000 over the next six years including the almost 30,000 additional personnel already on board.

The FY2007 Supplemental included $4.9 billion to cover the military personnel cost of additional troops plus $1.7 billion for equipment and infrastructure for the forces to be added in FY2007. DOD promises that funding to equip future increases in the force would be funded in the regular budget starting in FY2009.

In a reversal of its previous position, DOD argued that the Army and Marine Corps need to be permanently expanded by 92,000 by 2012. The President's proposal marks a major change and appears to assume that the United States needs to be able to deploy substantial numbers of troops on a permanent basis. CBO estimates that adding two divisions to the Army—roughly equivalent to the President's proposal—would require an additional $108 billion between FY2008 and FY2017, a major investment.[105] With the new guidance adopted in February 2009 that restricts war funding to costs strictly tied to overseas contingency operations, these would not be considered appropriate war costs.

(...continued)

defbudget/fy2008/Supplemental/FY2008_October_Global_War_On_Terror_Amendment.pdf, p. 48 and 49.

[103] The RAND study argued that the types of units created were not those most needed. RAND, *Stretched Thin: Army Forces for Sustained Operations*, 7-15-05; http://www.rand.org/pubs/monographs/2005/RAND_MG362.pdf. CBO, *An Analysis of the Military's Ability to Sustain an Occupation in Iraq: an Update*, October 5, 2005; http://www.cbo.gov/ftpdocs/66xx/doc6682/10-05-05-IraqLetter.pdf.

[104] Program Budget Decision 753, "Other Secretary of Defense Decisions," December 23, 2004, p. 1.

[105] CBO, *Budget Options*, February 2007, p. 9-10 http://www.cbo.gov/ftpdocs/78xx/doc7821/02-23-BudgetOptions.pdf.

DOD is currently including as a war cost $1.4 billion to cover the cost of an additional 22,000 service members added by the Army and Navy to reduce the stress on deploying troops and offset the effect of ending the policy of stop-loss, where deployed service members were retained beyond their enlistment periods. DOD is presenting this as a temporary increase to be reversed as withdrawals pick up pace in Iraq. Members could be concerned that this increase could end up becoming permanent.

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